

# 2013 Fredericton Housing Outlook Seminar

## Canada Mortgage and Housing Corporation

CLAUDE GAUTREAU, *Senior Market Analyst, CMHC*



*Housing market intelligence you can count on*



## 2012 Highlights – Fredericton CA

Housing Market Drivers

Multi-Residential/Rental Market

New Home Market – Single Family Homes

Resale Market

2013 Outlook



## 2012 Housing Market Highlights – Fredericton CA



### Rental Market

Fourth consecutive year of strong apartment starts

The number of units under construction remains near historically high levels

Rising vacancy rates

### Resale Market



Strongest price growth among NB's large urban centres

Ample supply of new listings

MLS® sales declining



2012 Highlights – Fredericton CA

## **Housing Market Drivers**

Multi-Residential/Rental Market

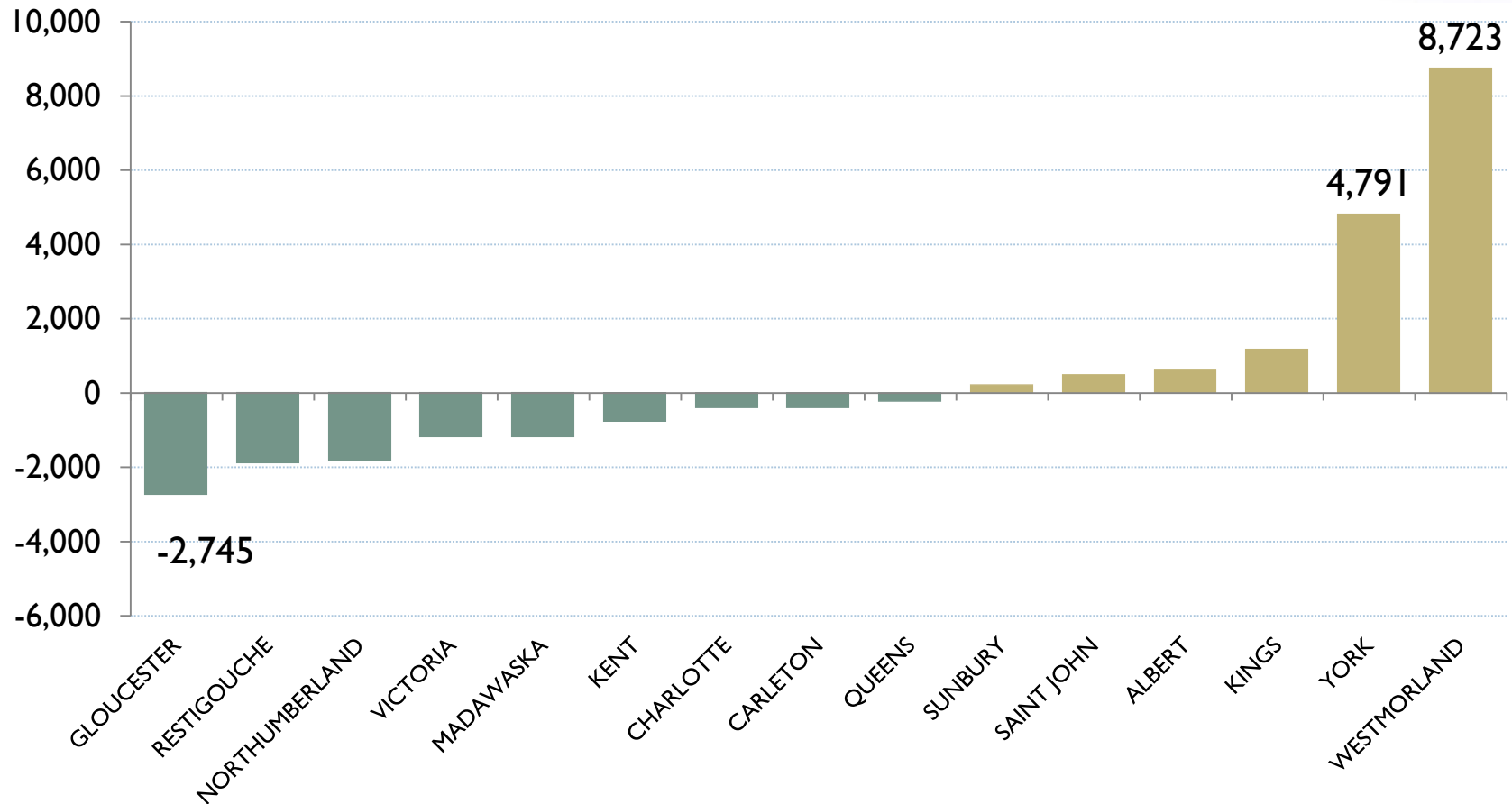
New Home Market – Single Family Homes

Resale Market

2013 Outlook



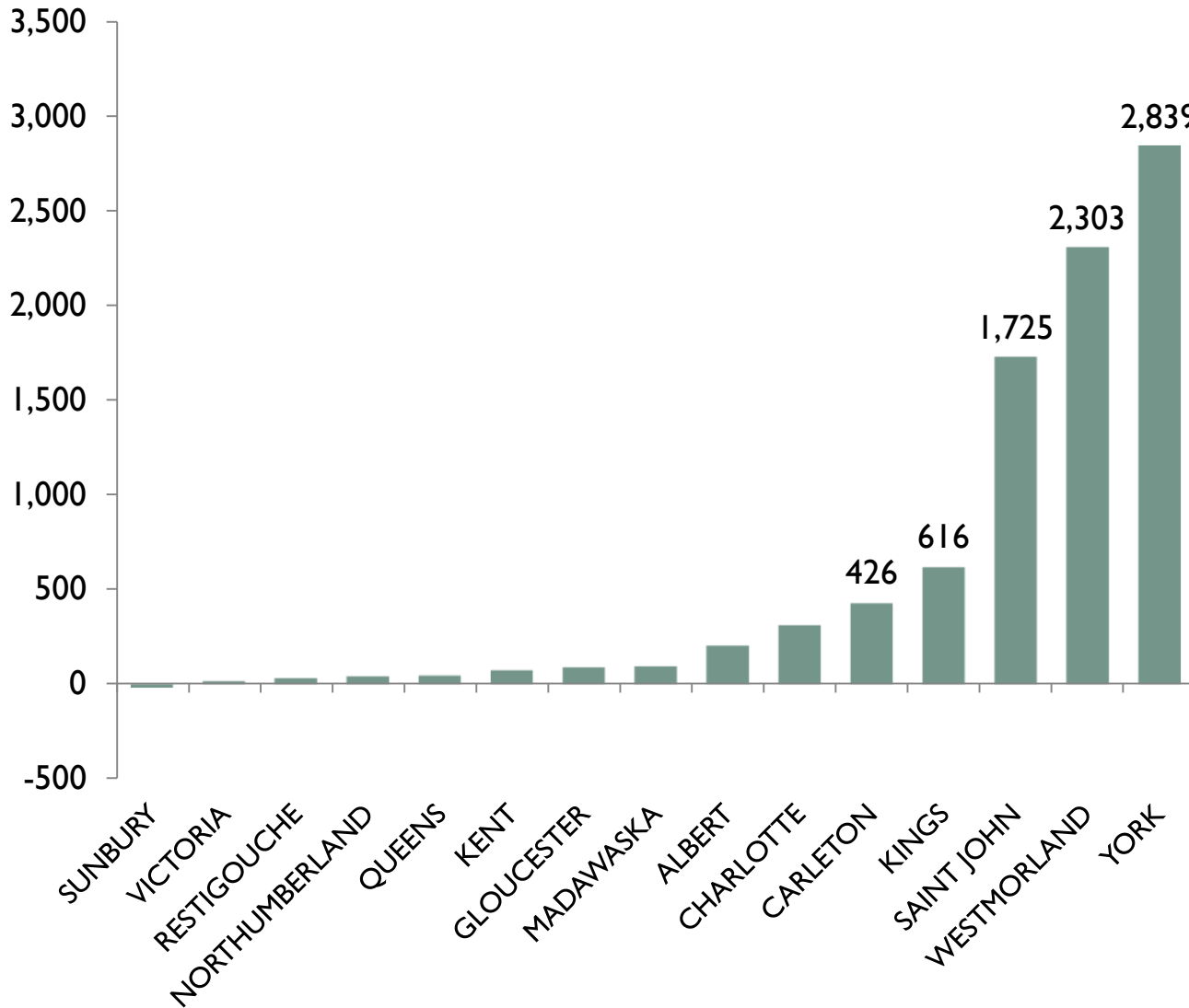
# Net Migration by County 2006-2011



Only 2 counties recorded significant positive net-migration

Largest inflows of people were to the Moncton and Fredericton areas

# International Migration by County 2006-2011



York County recorded the largest inflow of international migration



The inflow of international migrants is centered around the areas with universities

## Provincial Migration to Alberta



Alberta continues to attract people from New Brunswick

Most of the people leaving are under 45 years of age

Migration slowed during the 2008/2009 recession



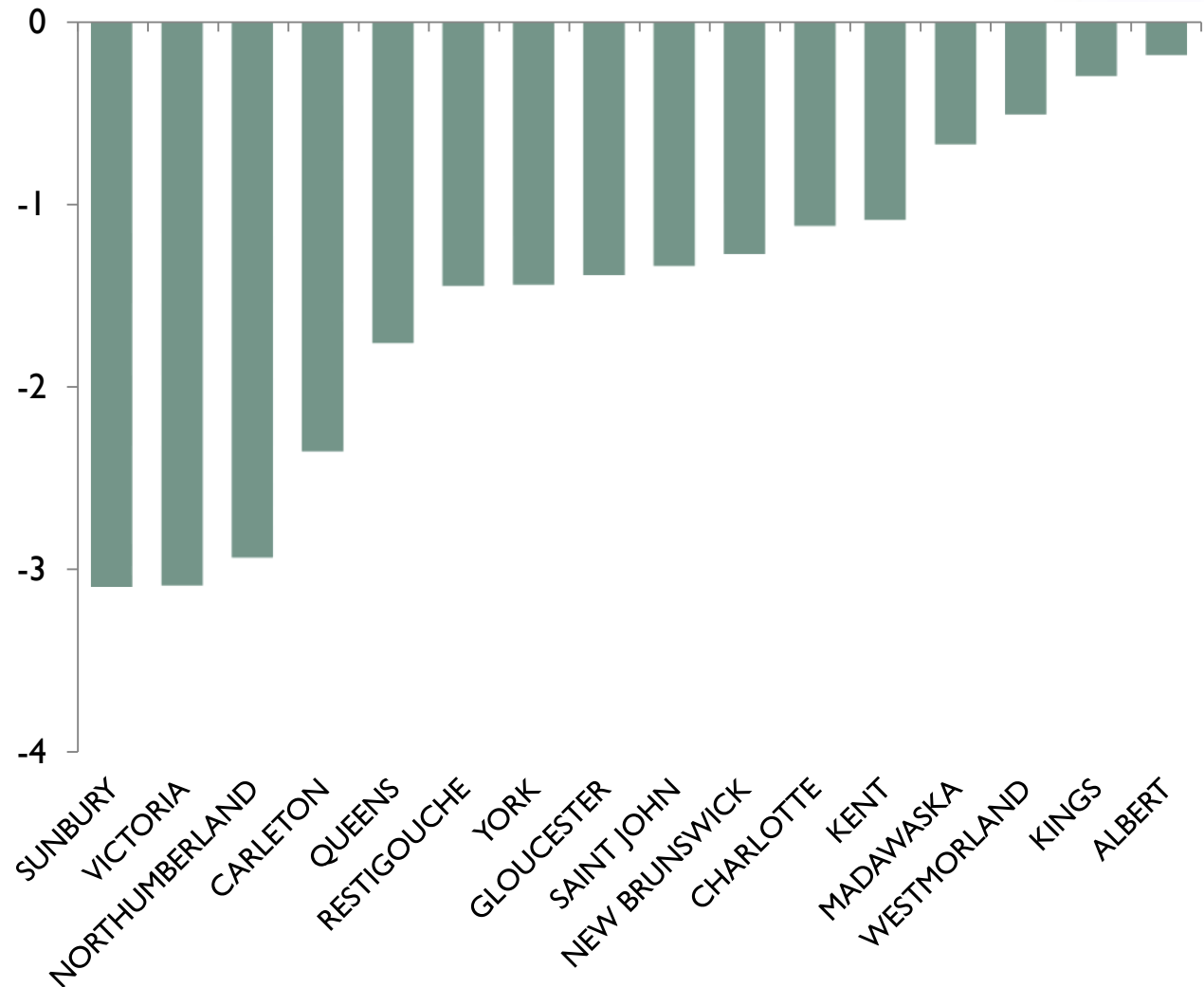


## Provincial Migration to Alberta by County Annual Average 2006-2011 (per 1,000 people)



Every county in New Brunswick recorded a net outflow of people

The northern counties experienced a larger outflow than the provincial average





# Net Migration – Greater Fredericton

(York County)

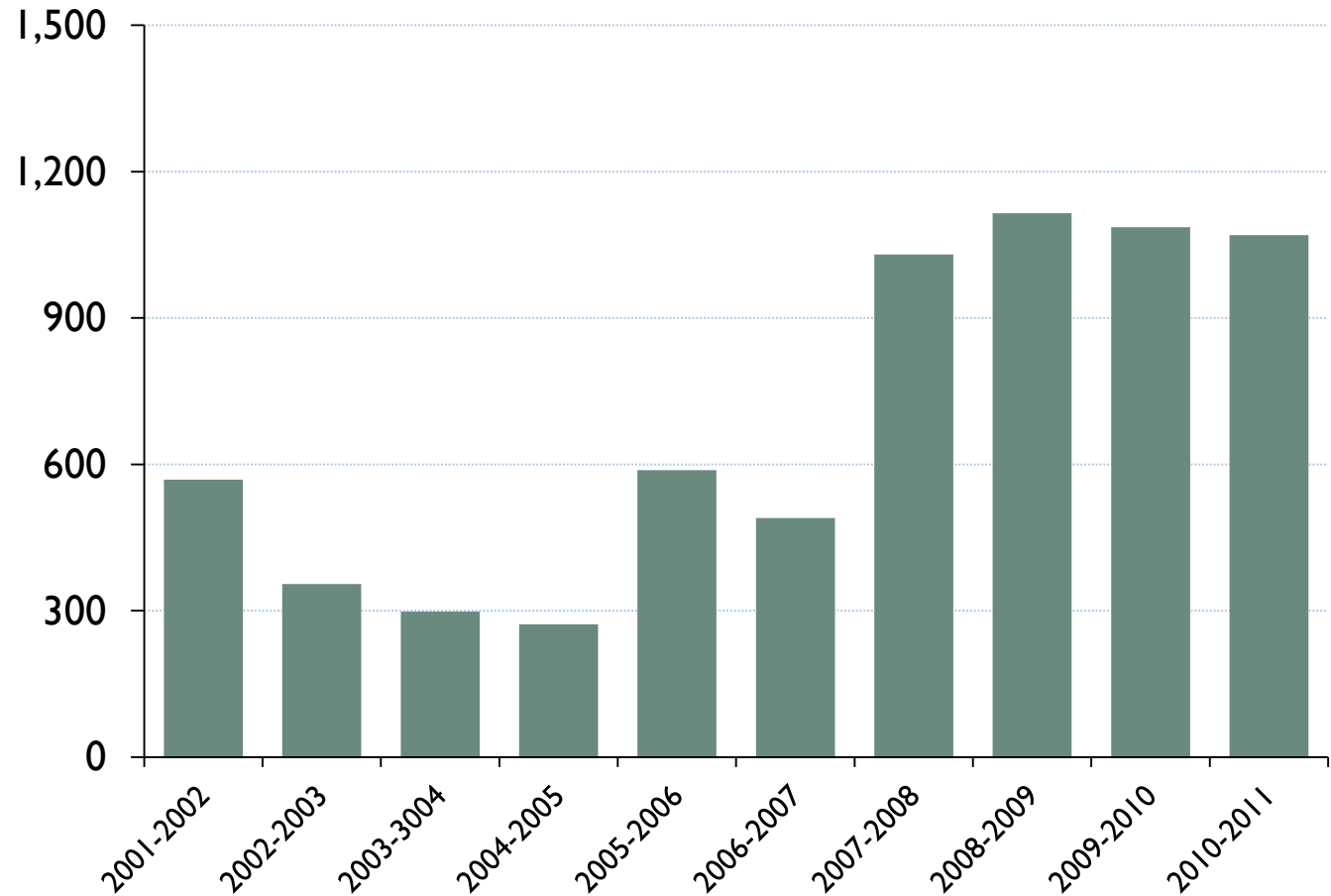


Net Gain  
Since 2001

**6,873**

Average Annual  
Gain Since 2001

**687**

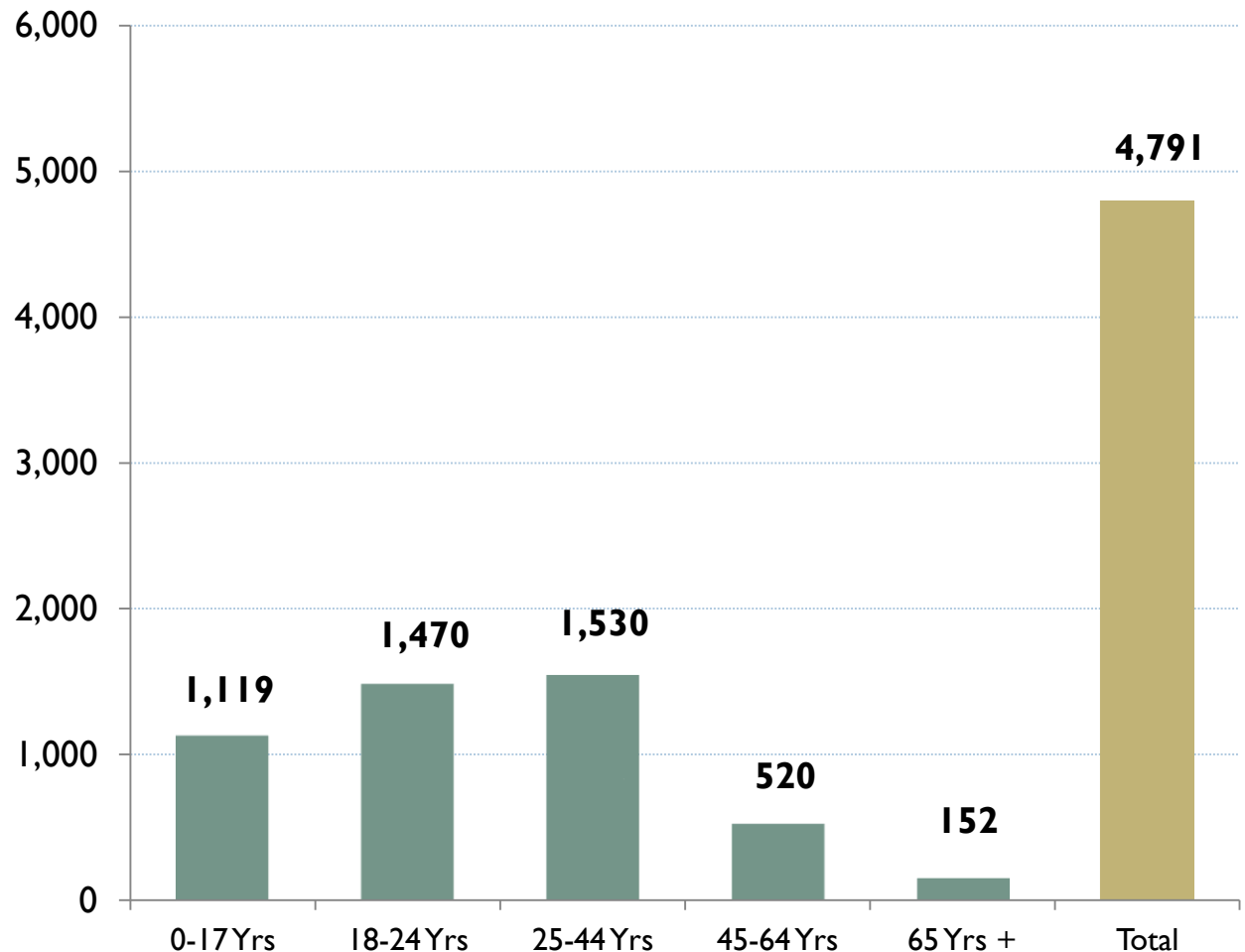


# Net-Migration by Age Group (2006-2011) Greater Fredericton

(York County)

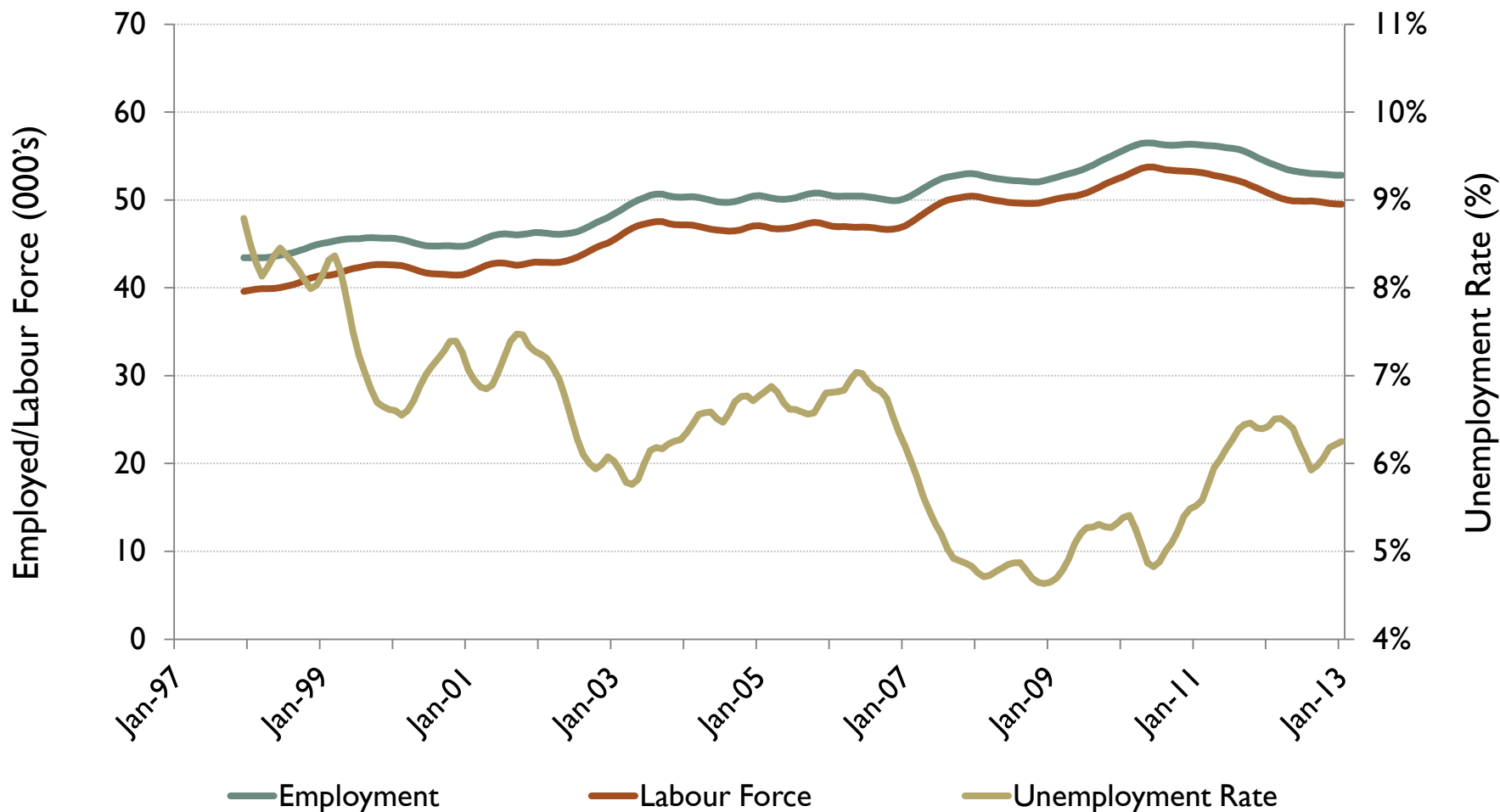


Approximately  
**86%** of people  
relocating to the  
Greater  
Fredericton area  
are under the age  
of 45!



# Total Employment, Labour Force (000's) and Unemployment Rate (%)

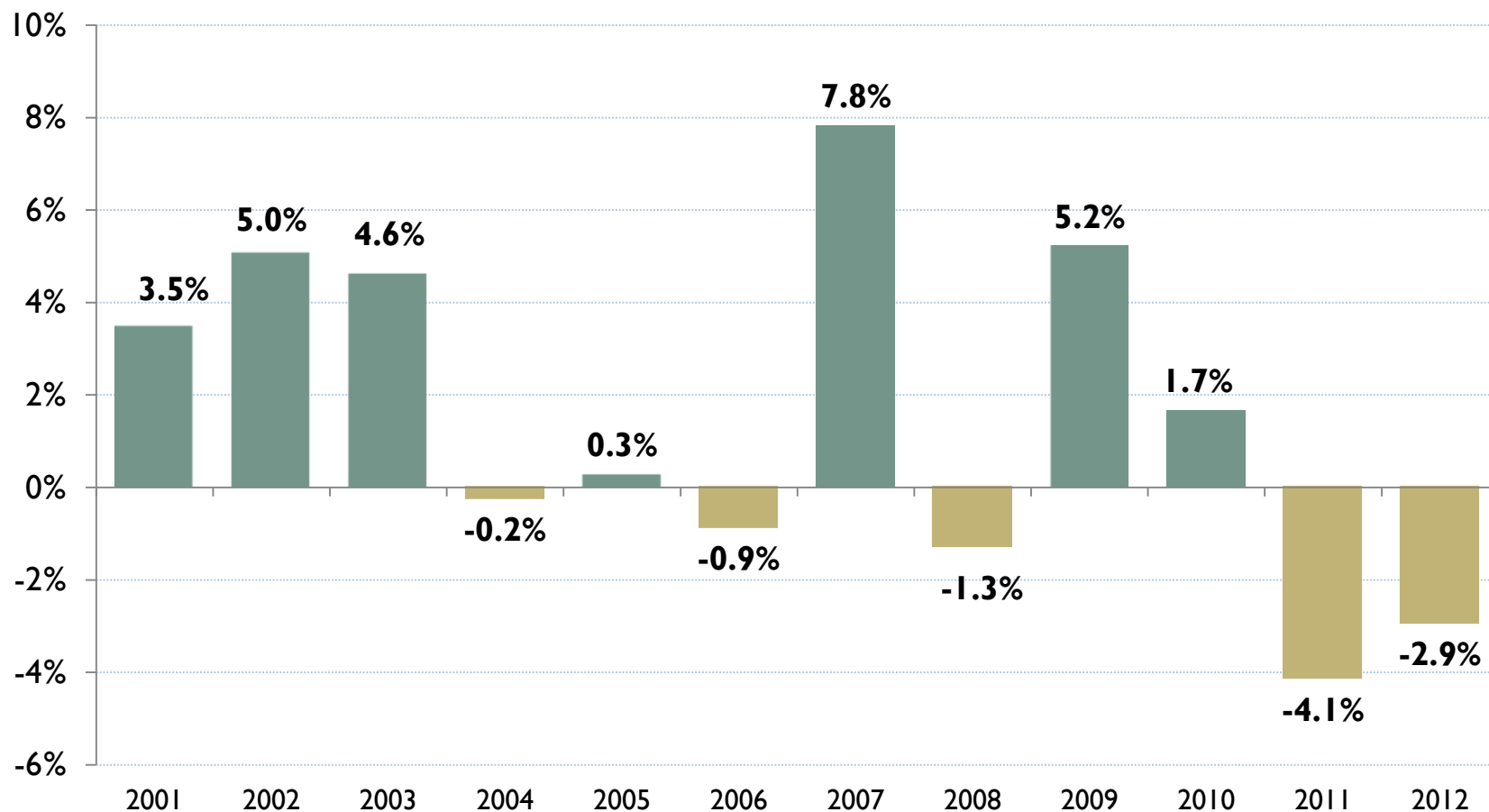
Fredericton CA



# Annual Employment Growth



## Fredericton CA



Average Annual  
Increase (2001-2012)

**1.6%**

Employed 2012

**49,550**

## Recent Employment Trends

### By Industry

Decreasing	Increasing
Transportation	Construction
Manufacturing	Trade
Public Administration	
Finance/Insurance & Real Estate	

### By Demographic

Group	% Change Last 5 Years
Full-Time	<b>- 2.7%</b>
Part-Time	<b>+ 3.5%</b>
15-24	<b>- 2.8%</b>
25-44	<b>- 3.0%</b>
45-64	<b>+ 0.8%</b>

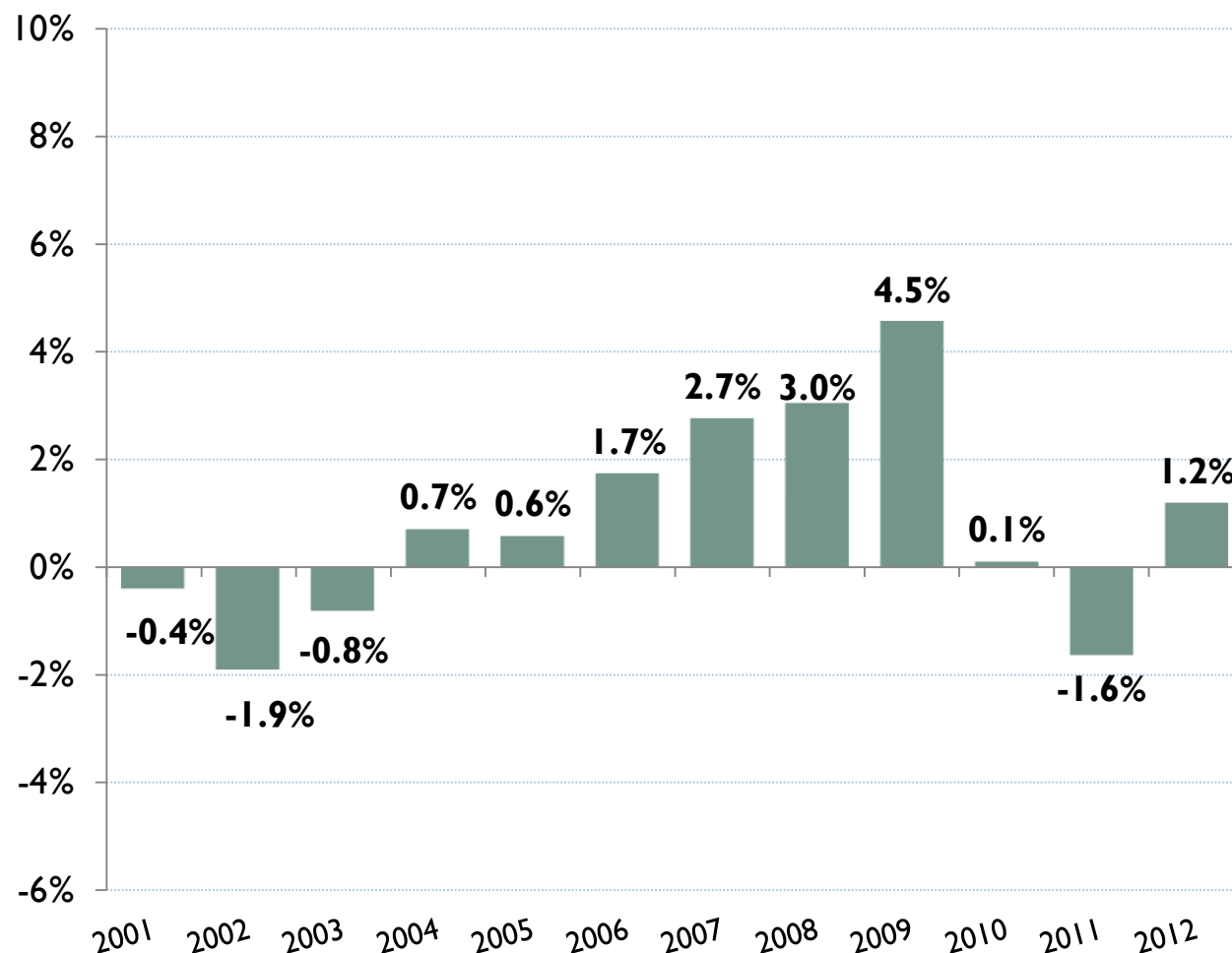
# Annual Percentage Change Real Weekly Earnings

Province of New Brunswick



From 2001 to 2012  
annual real increase  
in weekly earnings  
was +0.8%

During the same  
period, the average  
existing home price  
rose by 2.9%  
annually (adjusted  
for inflation  
compared to 4.8%  
unadjusted)



2012 Highlights – Fredericton CA

Housing Market Drivers



## **Multi-Residential/Rental Market**

New Home Market – Single Family Homes

Resale Market

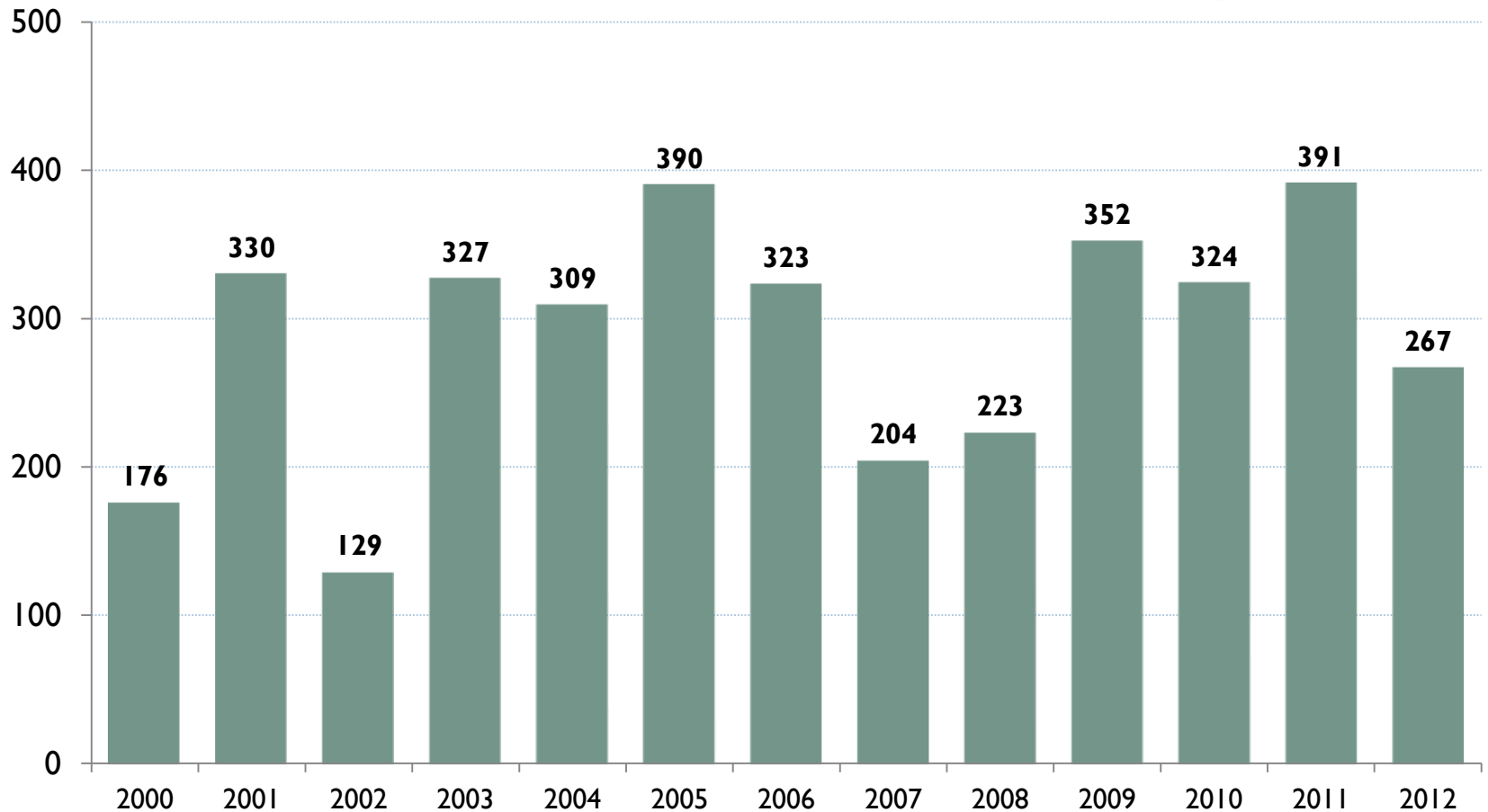
2013 Outlook





# Multiple Starts

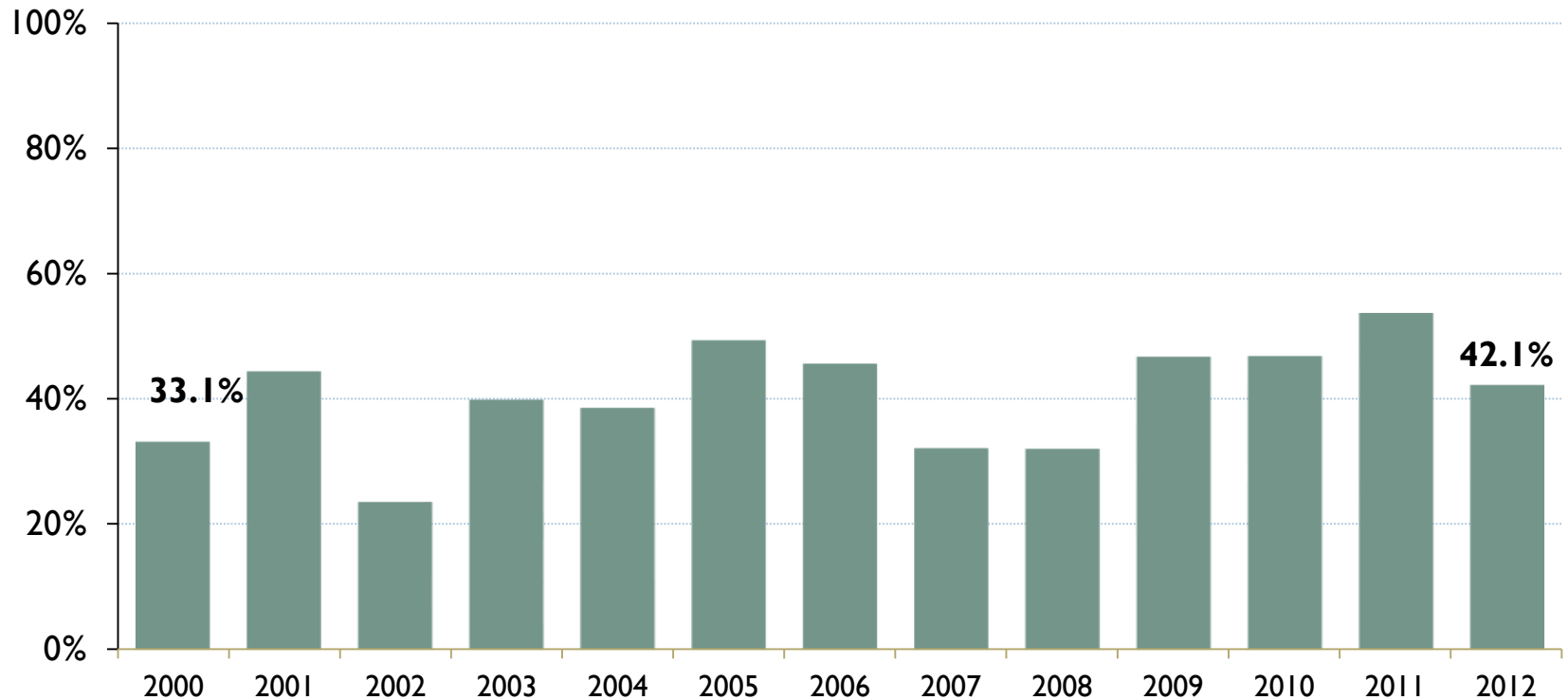
Fredericton CA



10-Year Average in Annual Starts : 311

# Multiple Starts as a Percentage of Total Starts

Fredericton CA

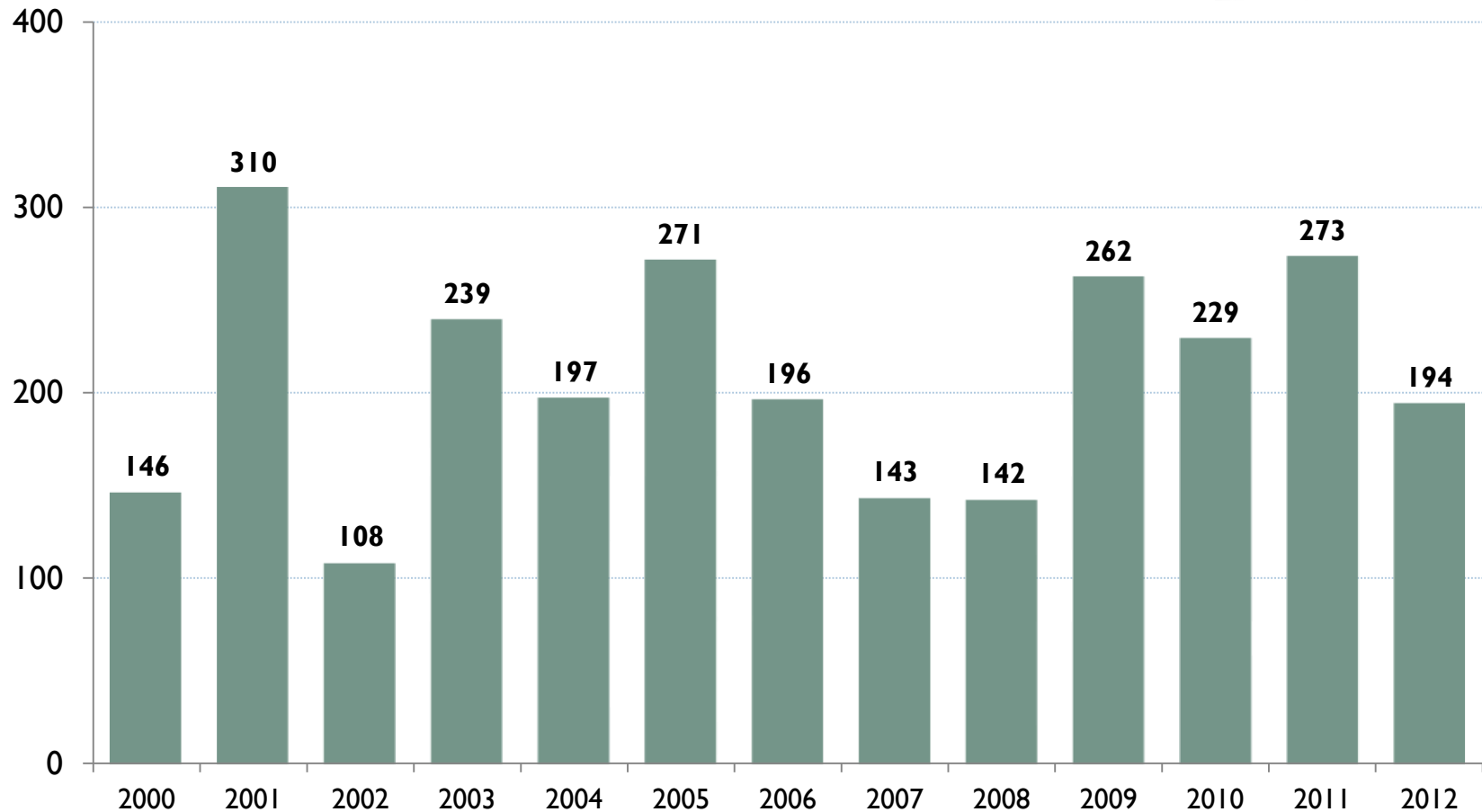


Residential construction has not shifted toward multi-residential units

Single-detached still account for over half of all housing starts

# Apartment Starts

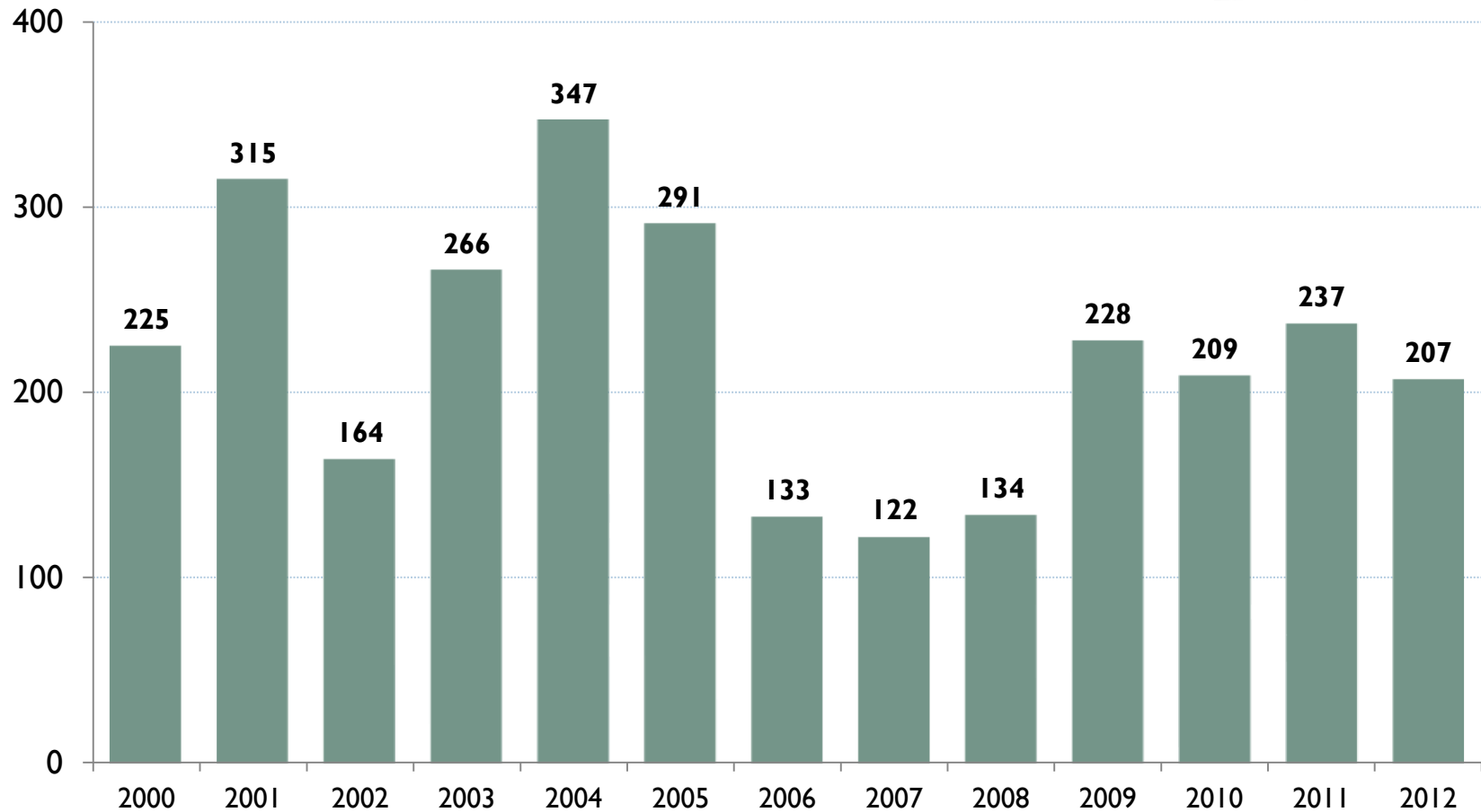
Fredericton CA



10-Year Average in Annual Starts : 215

# Rental Starts

Fredericton CA



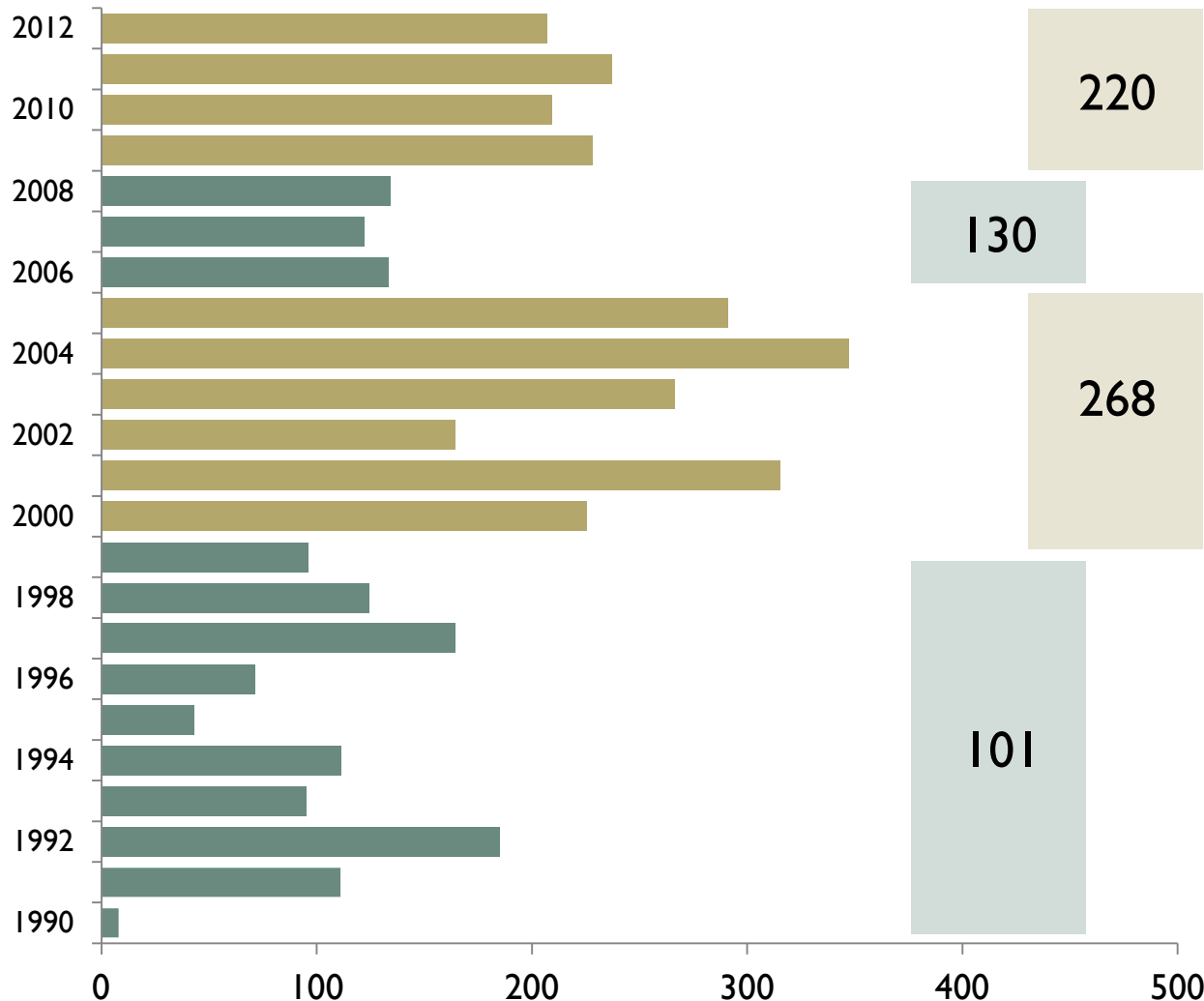
10-Year Average in Annual Starts : 217

# Rental Starts



## Fredericton CA

## Average Starts



### 1990 – 2012

Two periods with above-average activity



### 2009-2012

Strong activity for four consecutive years



Construction tends to decline when vacancy rate increases

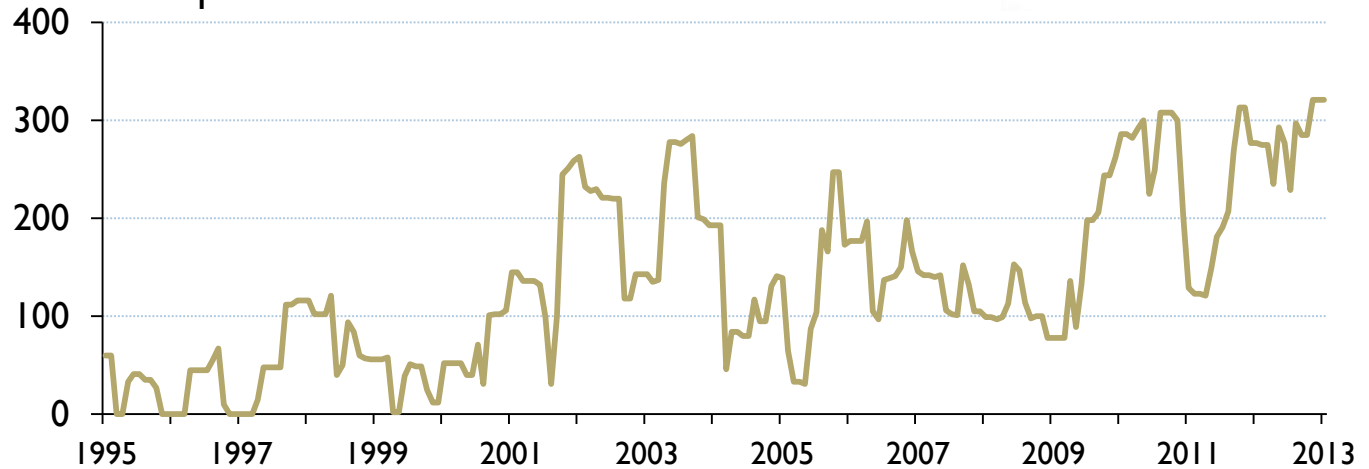
# Rental Market

## Fredericton CA

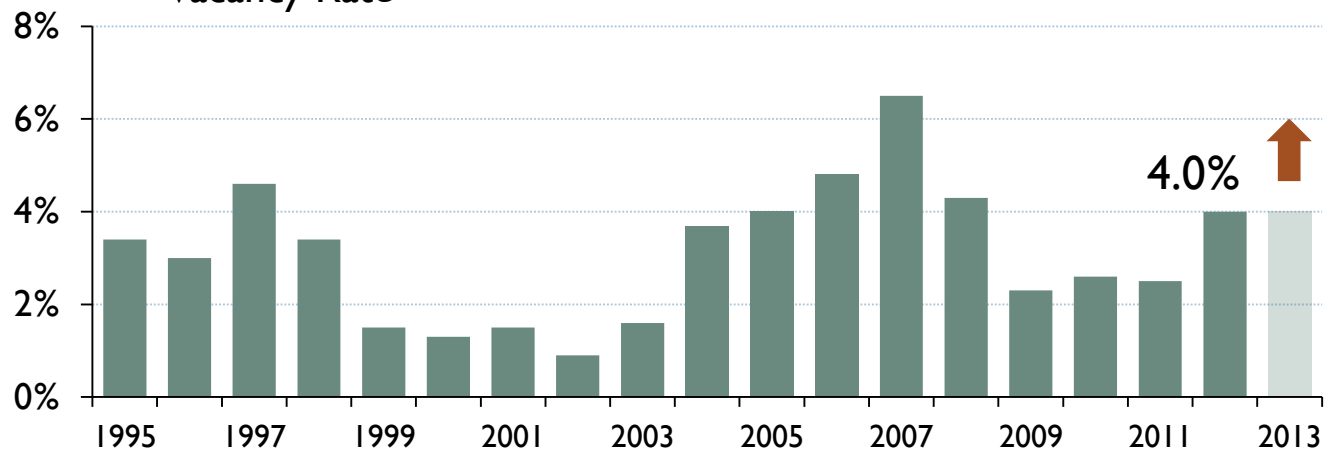


A large number of apartment units under construction is usually followed by an increase in the vacancy rate

### Apartment Units Under Construction



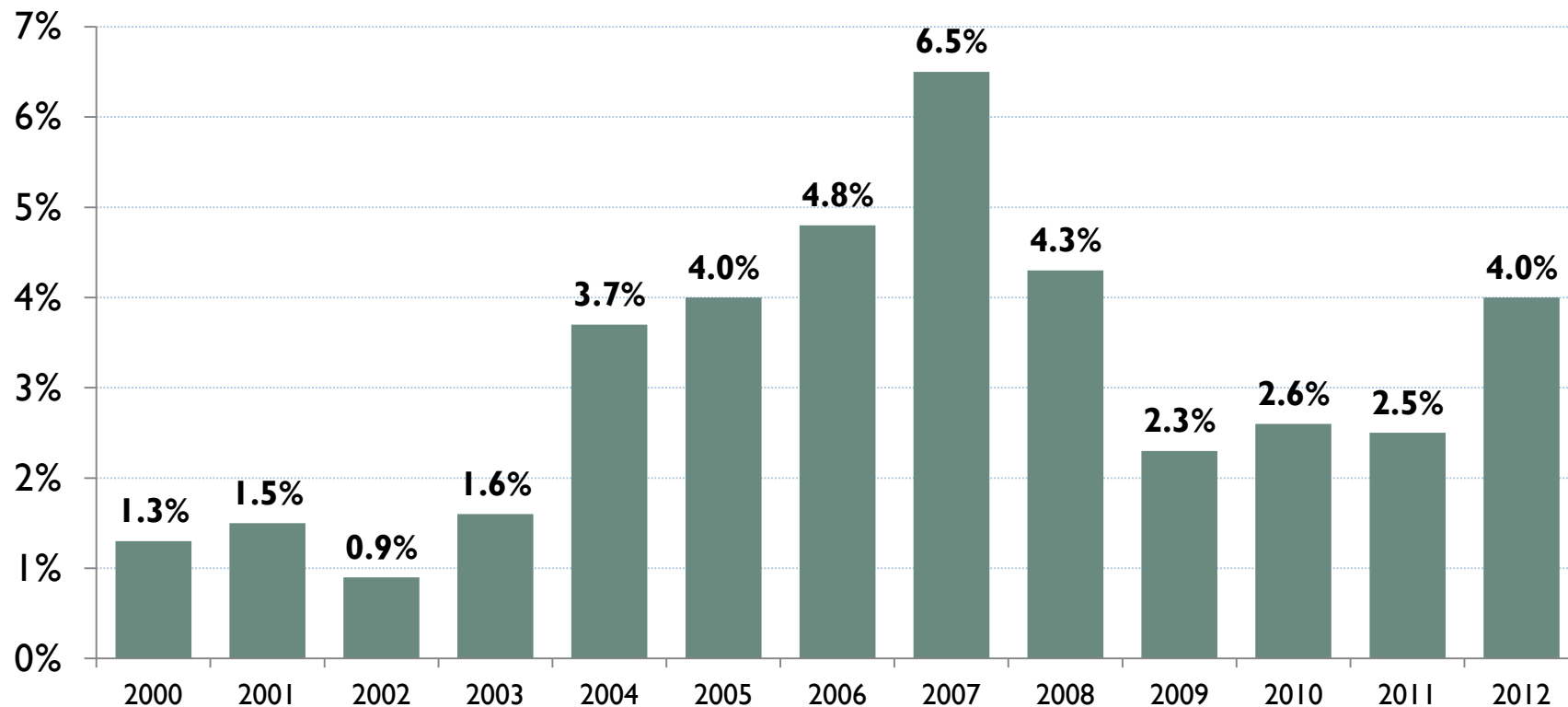
### Vacancy Rate



Notable increase in the vacancy rate in the fall of 2012

# Vacancy Rate

Fredericton CA



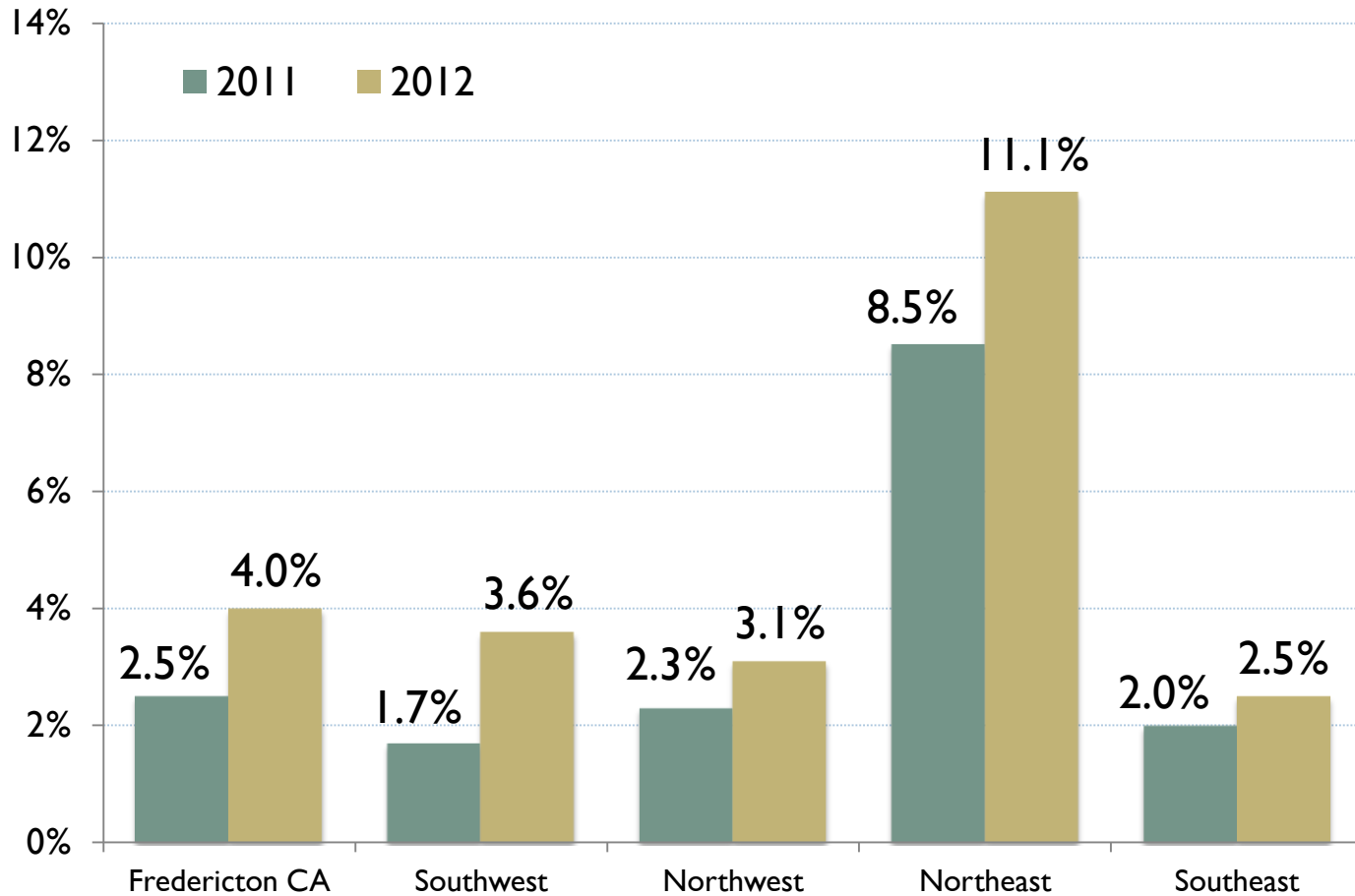
Current Ten-Year  
Average: **3.6%**

Could move higher in 2013 due to the number  
of apartment units under construction



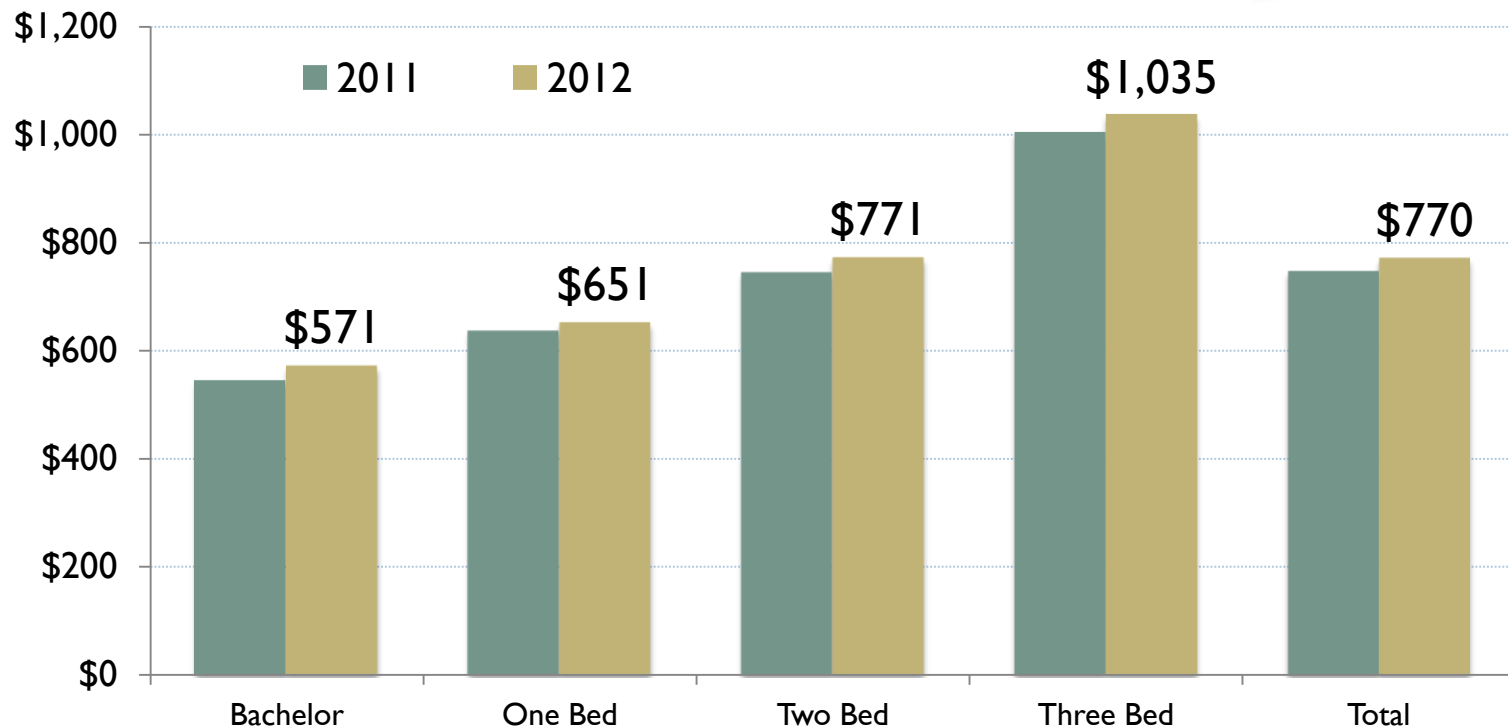
# Vacancy Rate by Submarket

## Fredericton CA



# Private Apartment Average Rent (\$) by Unit Type

Fredericton CA



## Estimate of Average Rent Change<sup>1</sup> – Oct 2011 to Oct 2012

One Bedroom Units

2.9%

Two Bedroom Units

3.3%

Three Bedroom Units

1.0%

<sup>1</sup>The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

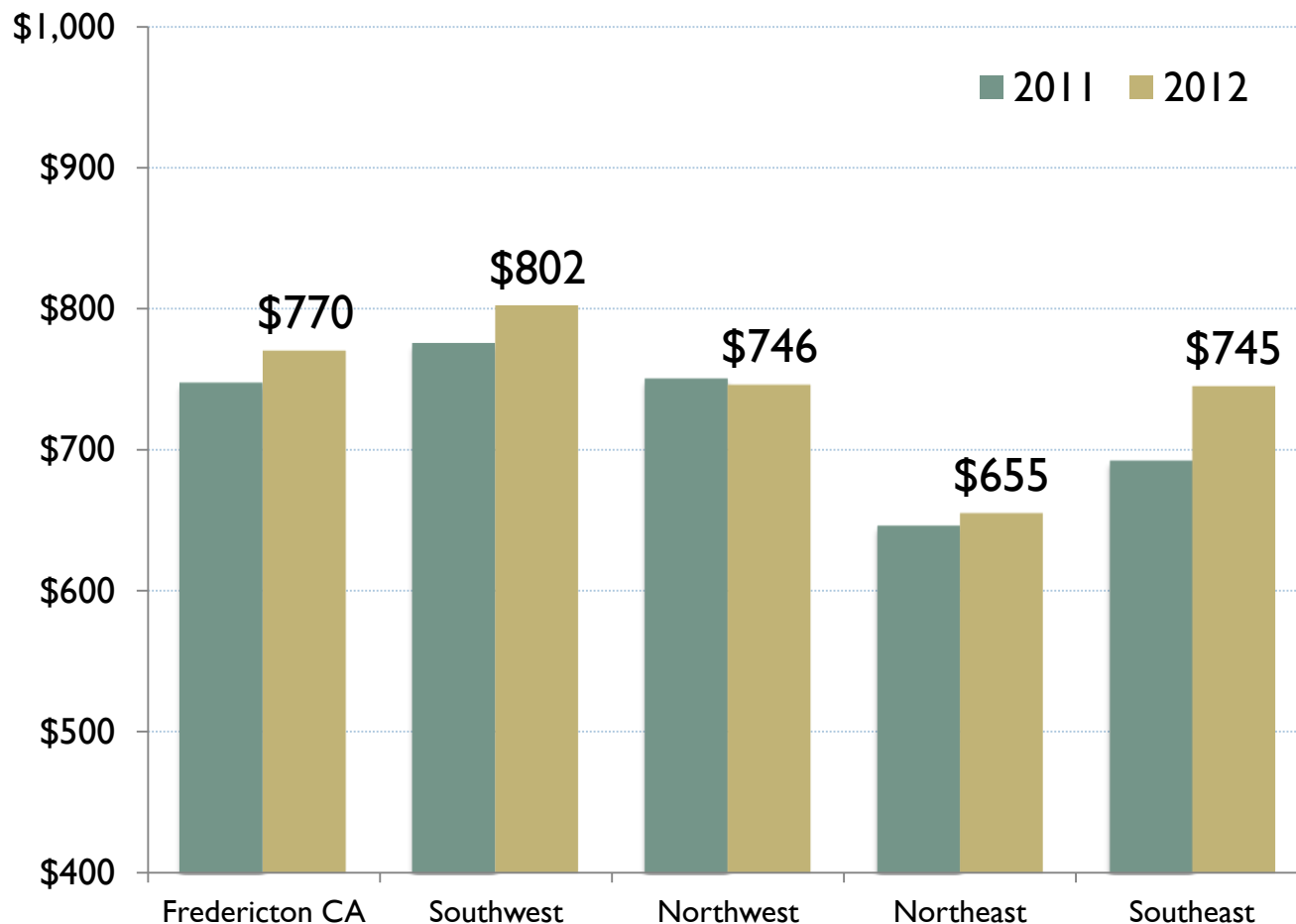
# Private Apartment Average Rent (\$) by Submarket

Fredericton CA



The average rent was higher in most zones in 2012

The Southwest zone (downtown core) posted the highest average rent in 2012



# 2013 Outlook

Rental Market				
Fredericton CA	2012	2013F	% Change	2014F
Vacancy Rate	4.0%	4.3%	0.3 pts	4.8%
Average Rent (Two Bedroom)	\$771	\$785	+ 2%	\$795



Historically high number of apartment units under construction during the latter part of 2012



Further increase in the vacancy rate expected in 2013



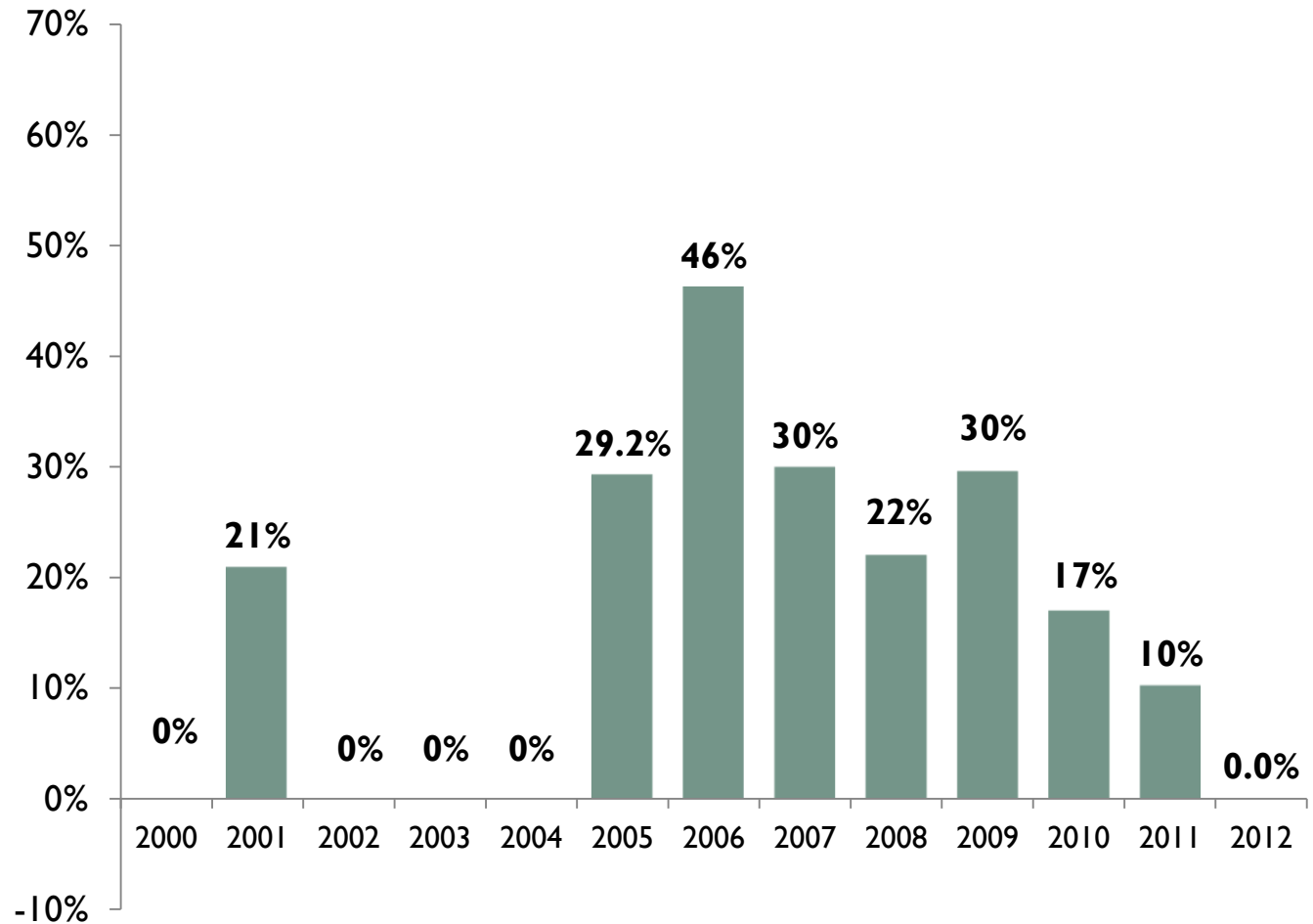
Expected rent increase in 2013 will range between 1.5% and 2.5%

# Condominium Starts as a Percentage of Multiple Starts

Fredericton CA

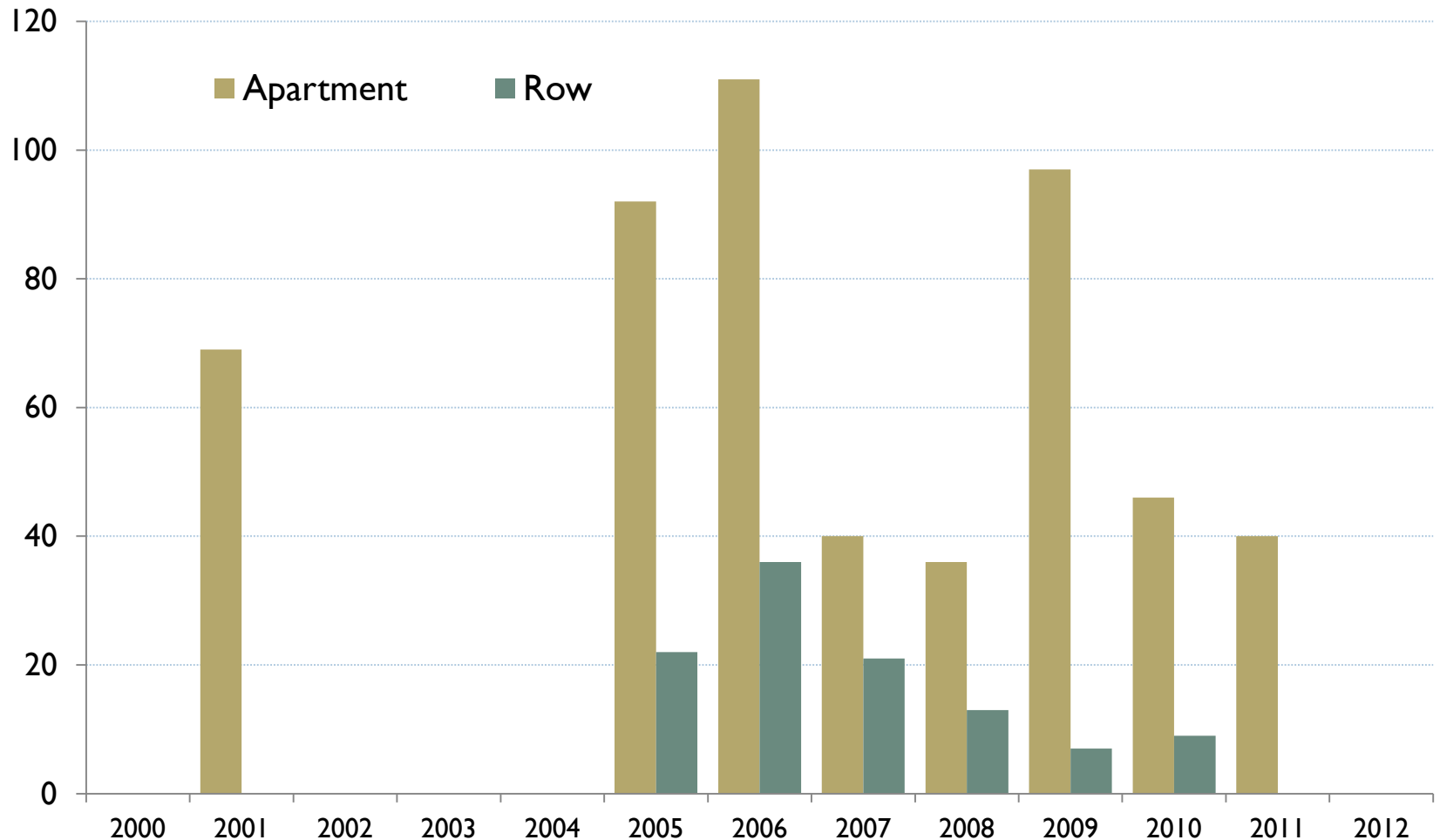


Condominium starts as a percentage of multiple starts have been trending down since peaking in 2006



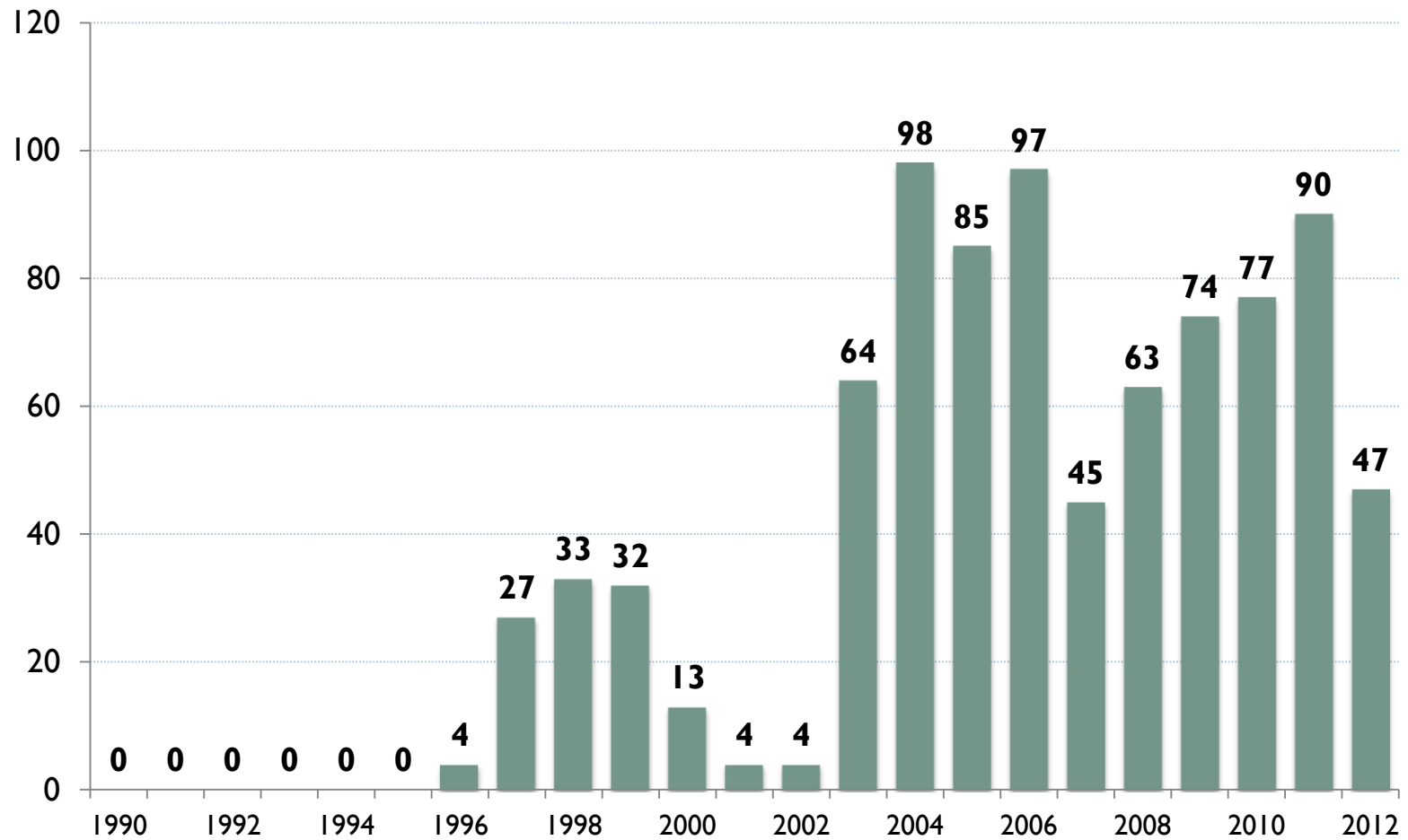
# Condominium Starts by Type

Fredericton CA



# Row Starts – Historical Perspective

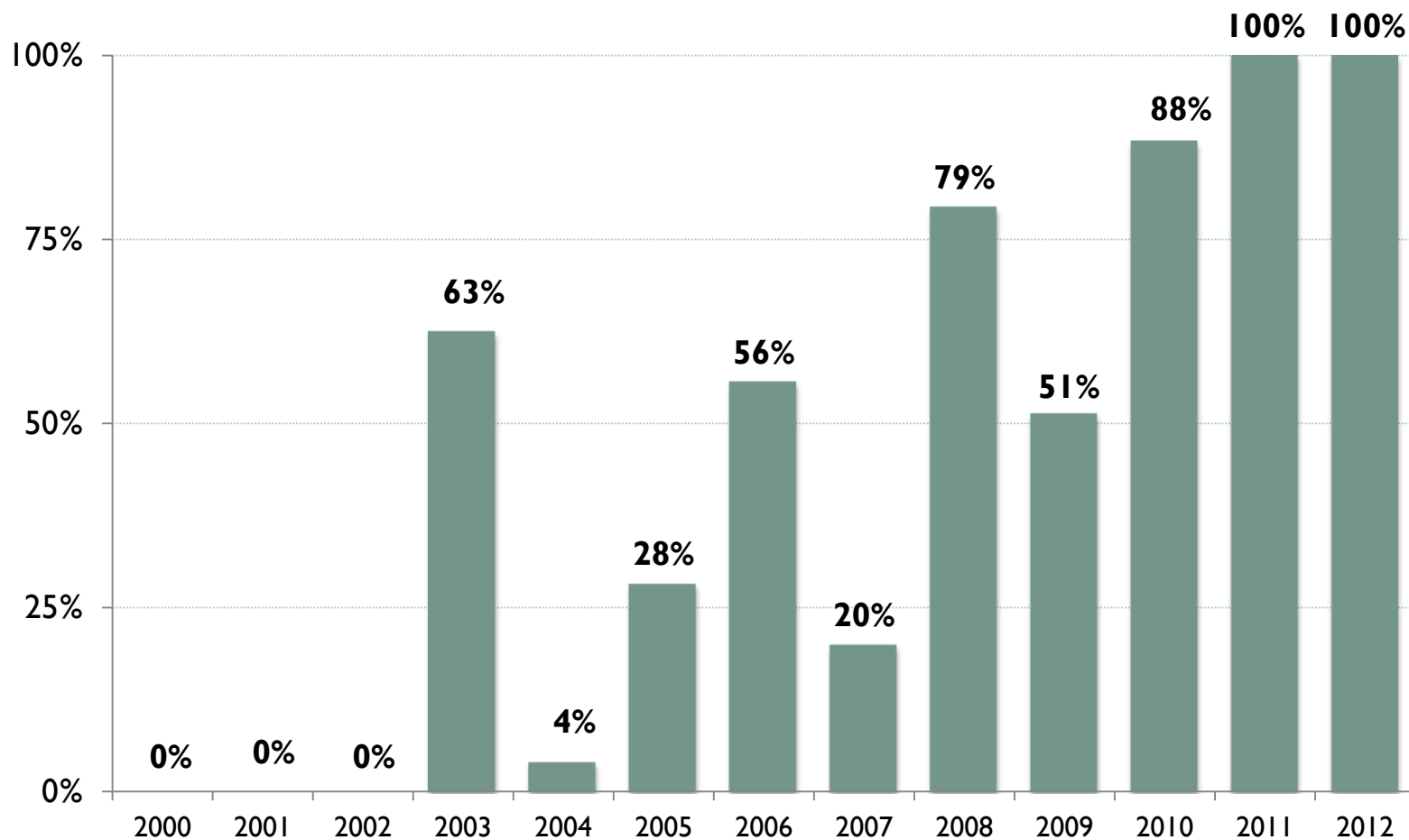
Fredericton CA





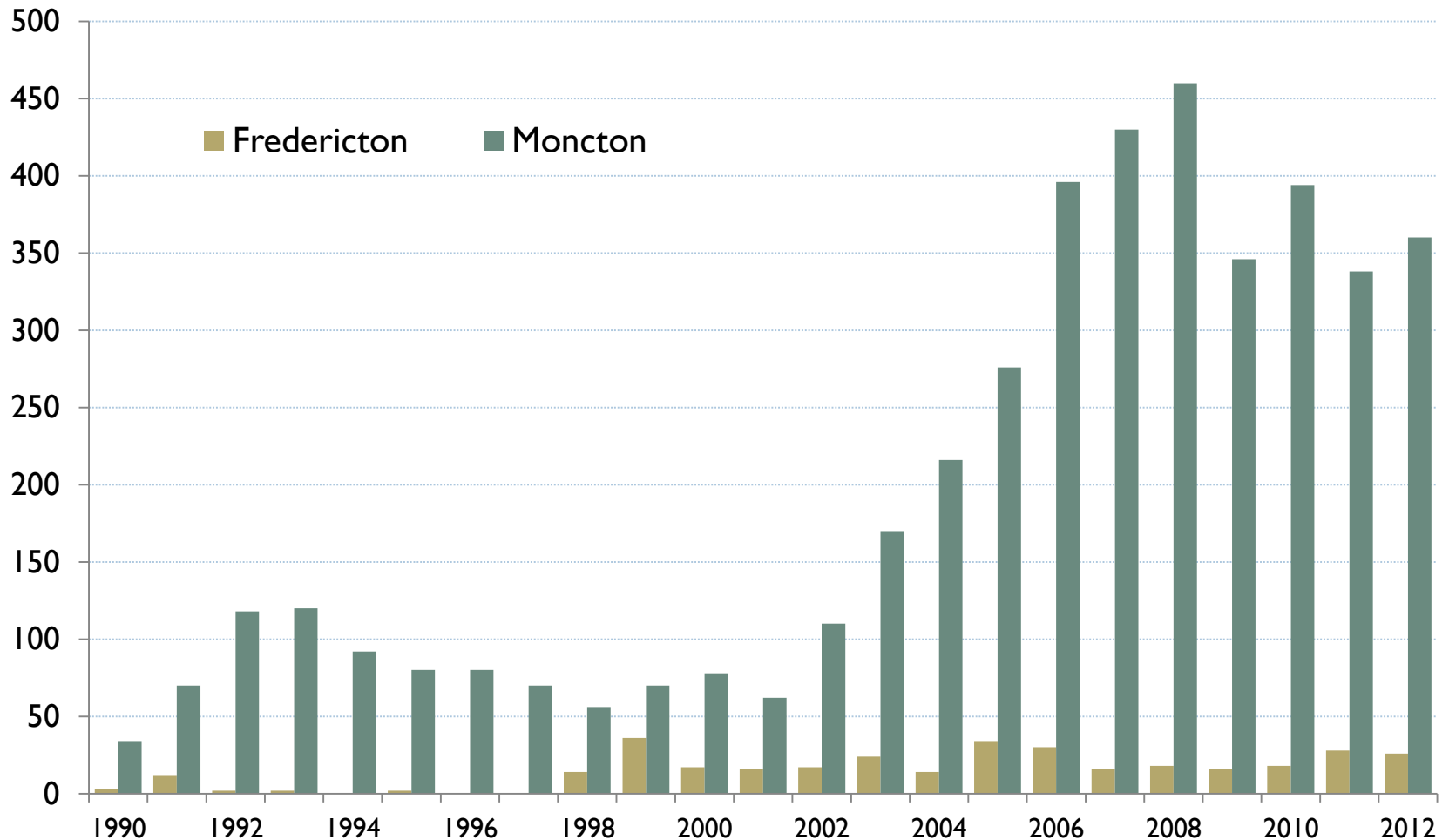
# Percentage of Row Starts for Homeownership

Fredericton CA



# Semi-Detached Starts

Fredericton CA vs. Moncton CMA



# 2013 Outlook

Multiple Starts				
Fredericton CA	2012	2013F	% Change	2014F
Multiple Starts	267	260	- 3%	220



Continued increase in the rental inventory will put upward pressure on the local vacancy rate leading to reduced apartment starts



Demand for row units to remain stable

2012 Highlights – Fredericton CA

Housing Market Drivers

Multi-Residential/Rental Market



## **New Home Market – Single Family Homes**

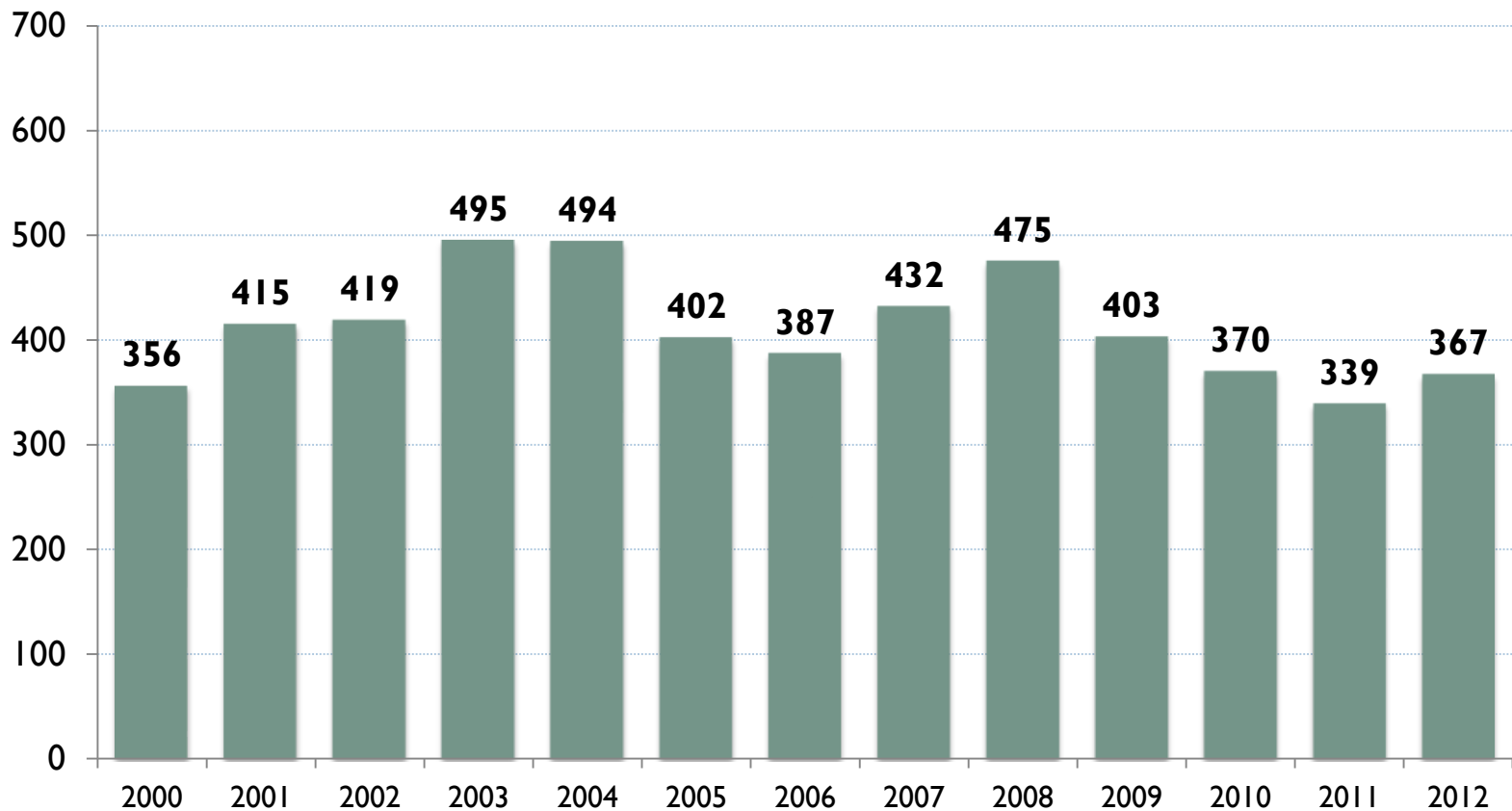
Resale Market

2013 Outlook



# Single-Detached Starts

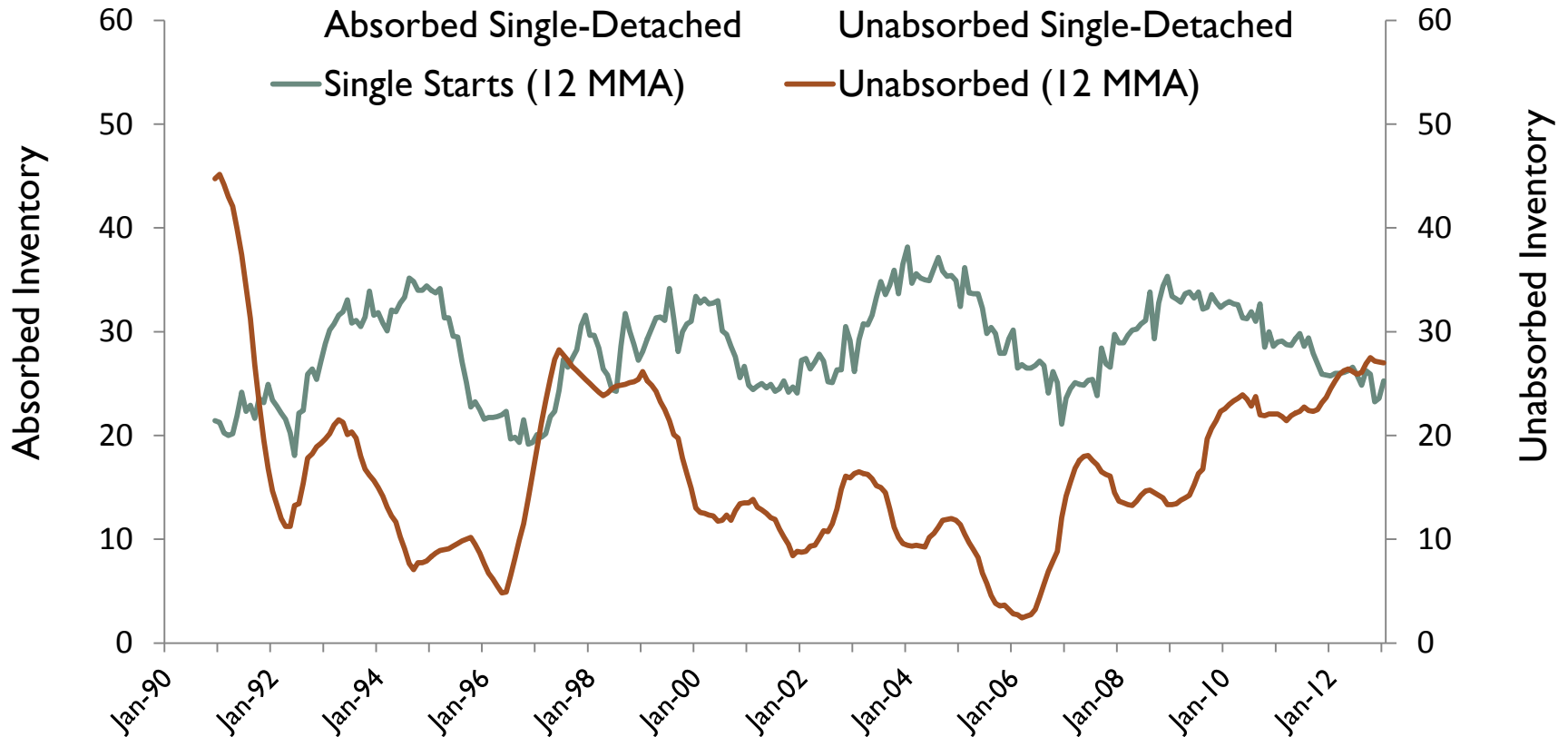
Fredericton CA



Single-detached starts trending down since 2008

# Single-Detached Units – Absorbed and Unabsorbed

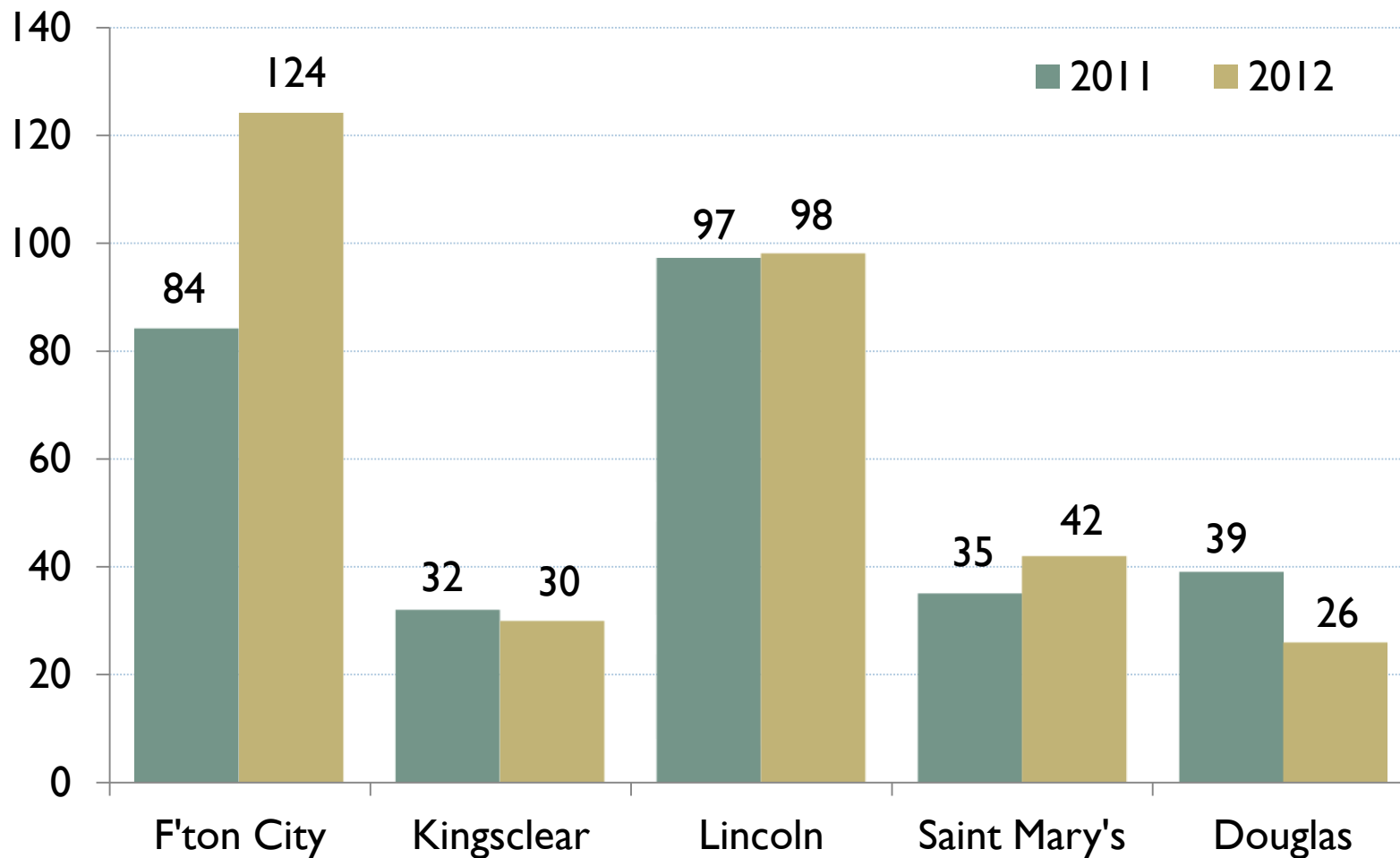
Fredericton CA



Unabsorbed inventory exceeded absorbed inventory in late 2012

# Single-Detached Starts by Submarket

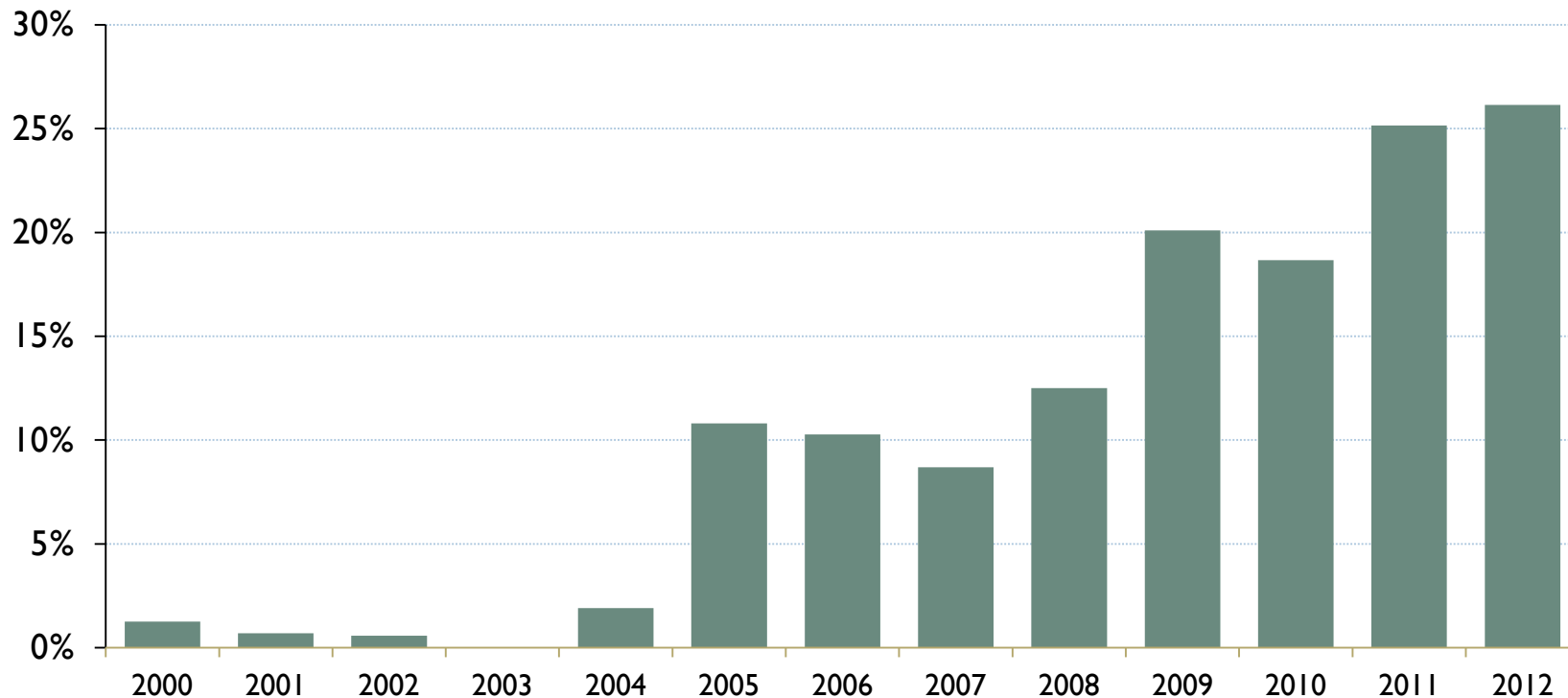
Fredericton CA





# Percentage of Absorbed Single-Detached Homes > \$300,000

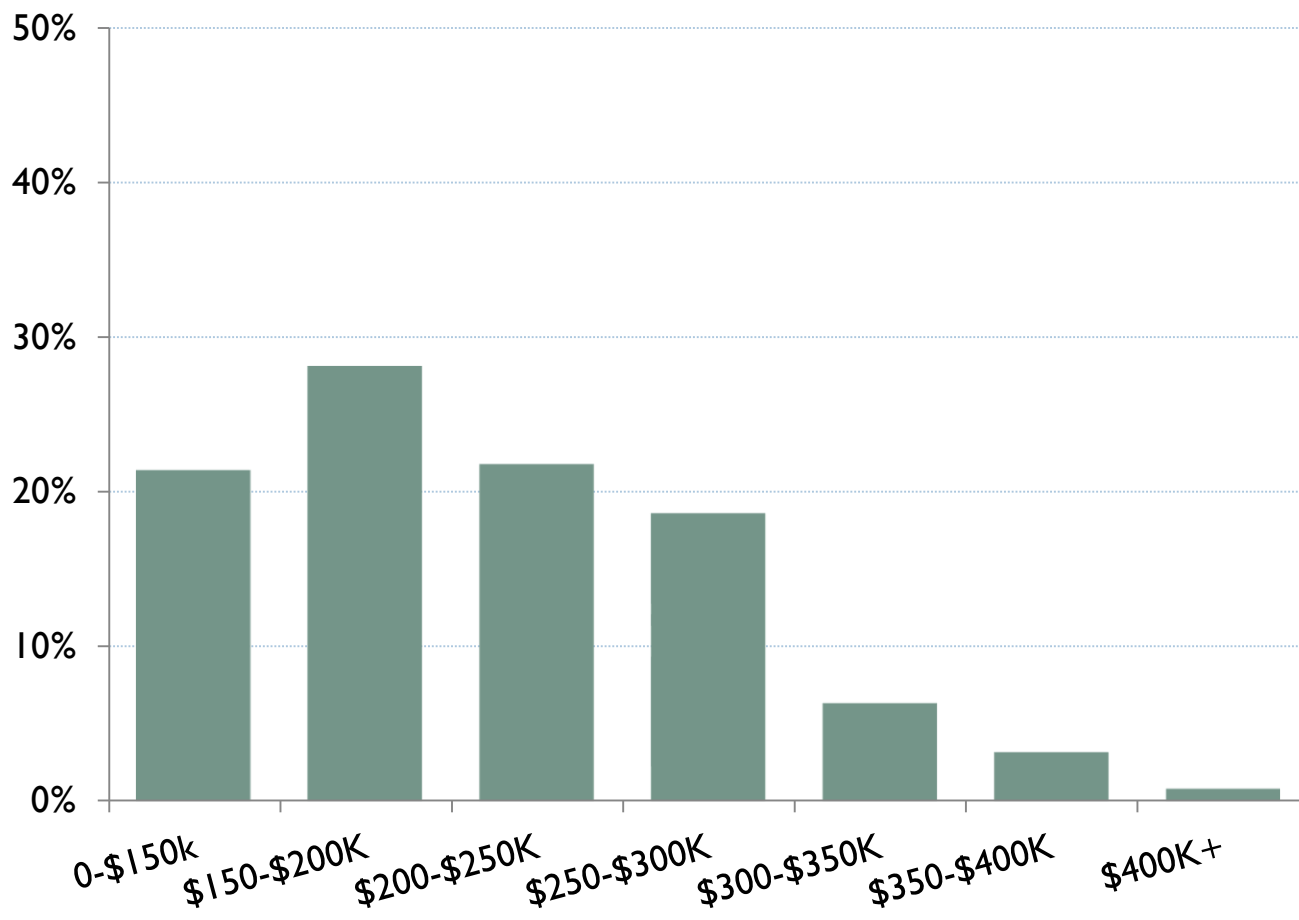
Fredericton CA



2011-2012 : Moderate increase in the share of absorbed single-detached homes priced above \$300,000.

# Percentage of Absorbed Single-Detached Homes by Price Range

Fredericton CA - 2006



## Single-Detached Homes by Price Range

2006

< \$200,000

**49%**

\$200,000 - \$300,000

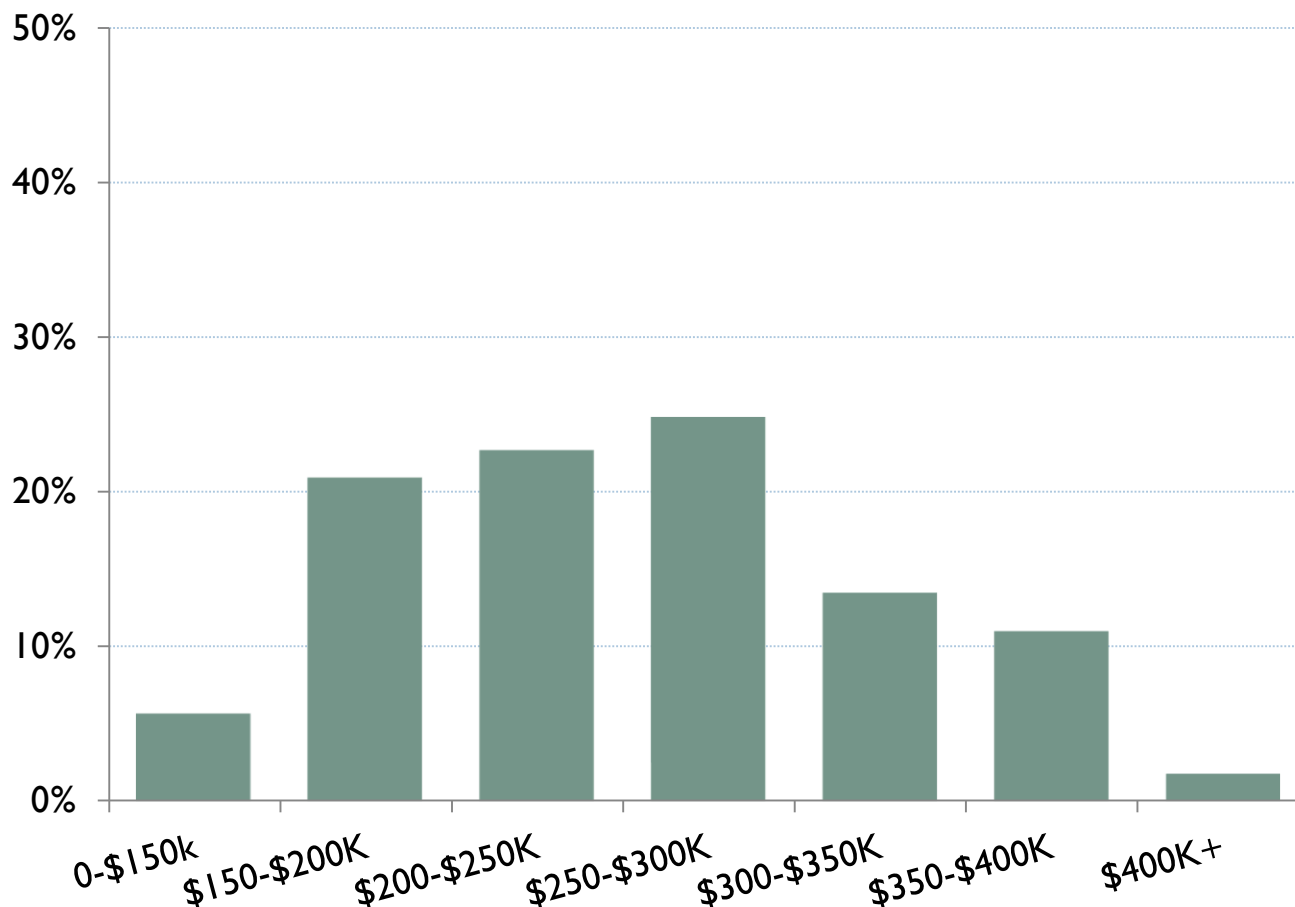
**40%**

\$300,000

**11%**

# Percentage of Absorbed Single-Detached Homes by Price Range

Fredericton CA - 2012



## Single-Detached Homes by Price Range

2006      2012

< \$200,000

**49%**      **27%**

\$200,000 - \$300,000

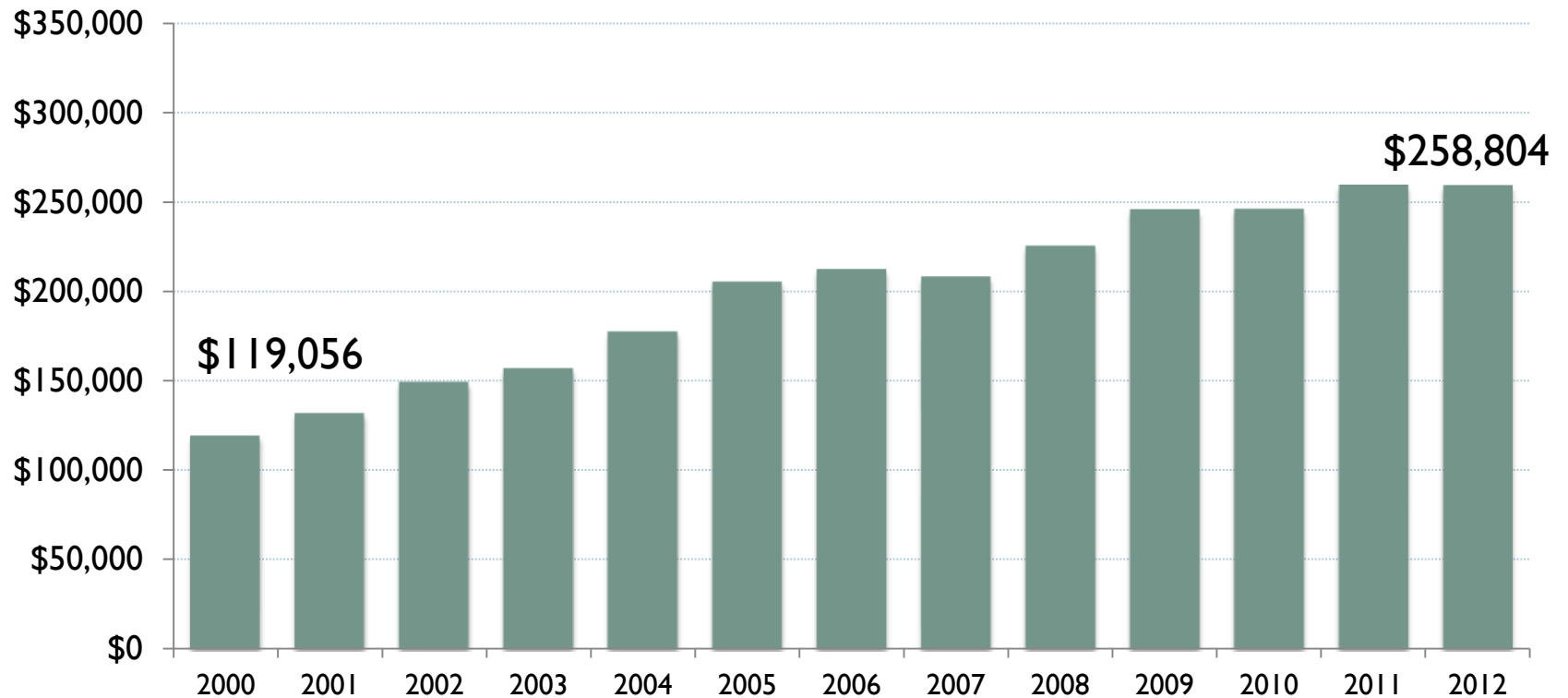
**40%**      **47%**

\$300,000

**11%**      **26%**

# Average New Home Price

Fredericton CA

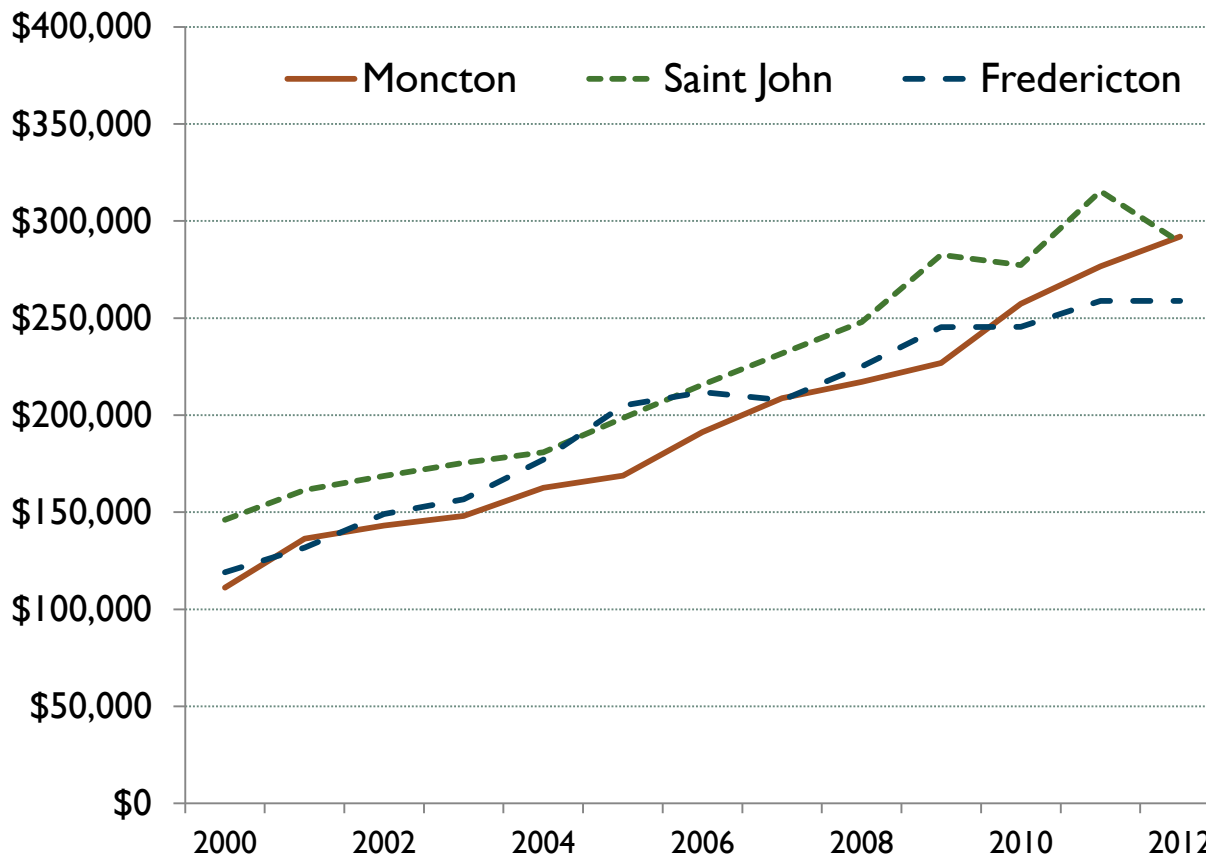


Average Annual  
Increase +5.8%

Average Two Storey  
Price \$ 333,388

# Average New Home Price

Moncton CMA/Saint John CMA/Fredericton CA



Change in Average  
New Home Price  
2010-2012

Moncton  
**+ 8.8 %**

Fredericton  
**+ 1.8 %**

Saint John  
**+ 1.1 %**

Greater Moncton  
posted the highest  
average price in  
2012

# 2013 Outlook

Single Starts				
Fredericton CA	2012	2013F	% Change	2014F
Single Starts	367	340	- 7%	320



The average price of a new home was stable in 2012



The average price in 2013 will be comparable



Reduced demand will lead to fewer starts in 2013

2012 Highlights – Fredericton CA

Housing Market Drivers

Multi-Residential/Rental Market

New Home Market – Single Family Homes



## **Resale Market**

2013 Outlook



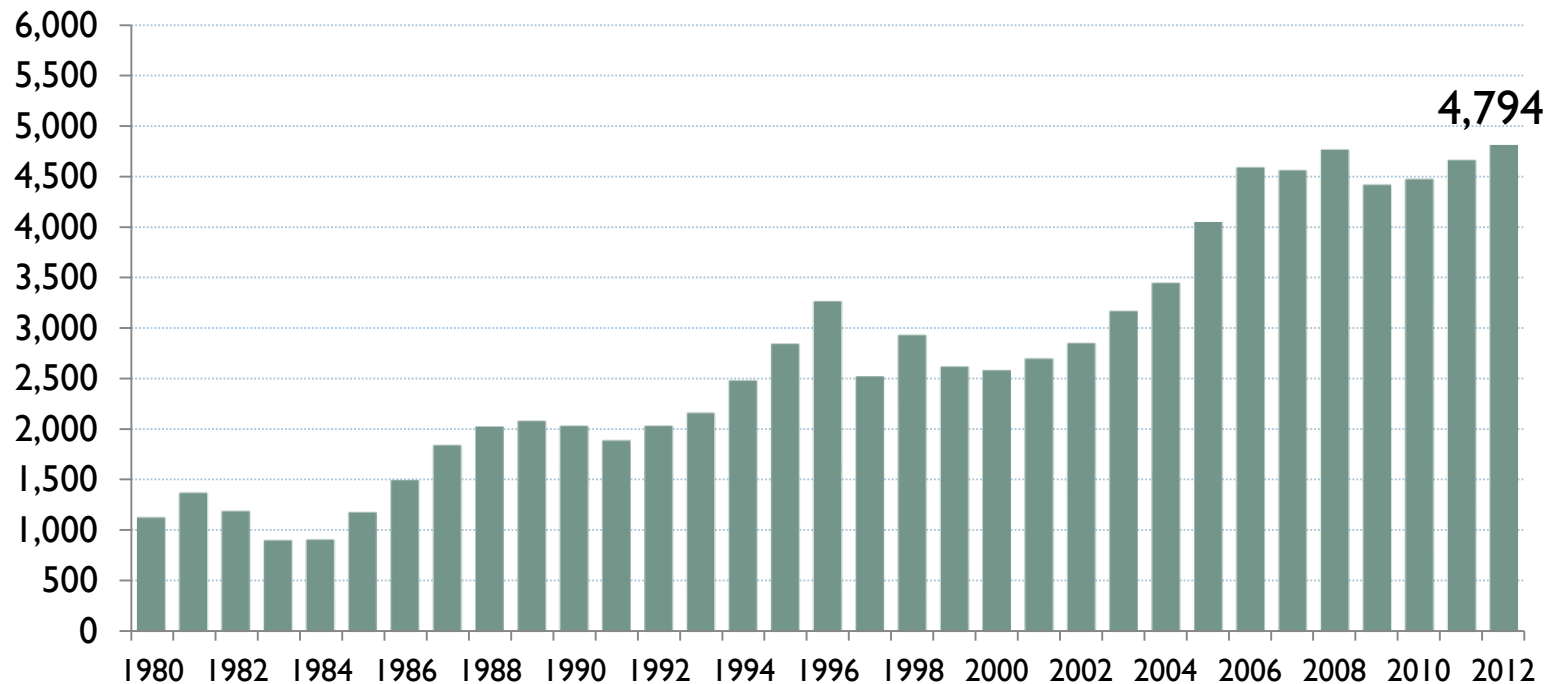
# New Listings – Historical Perspective

Greater Fredericton



## Average New Listings

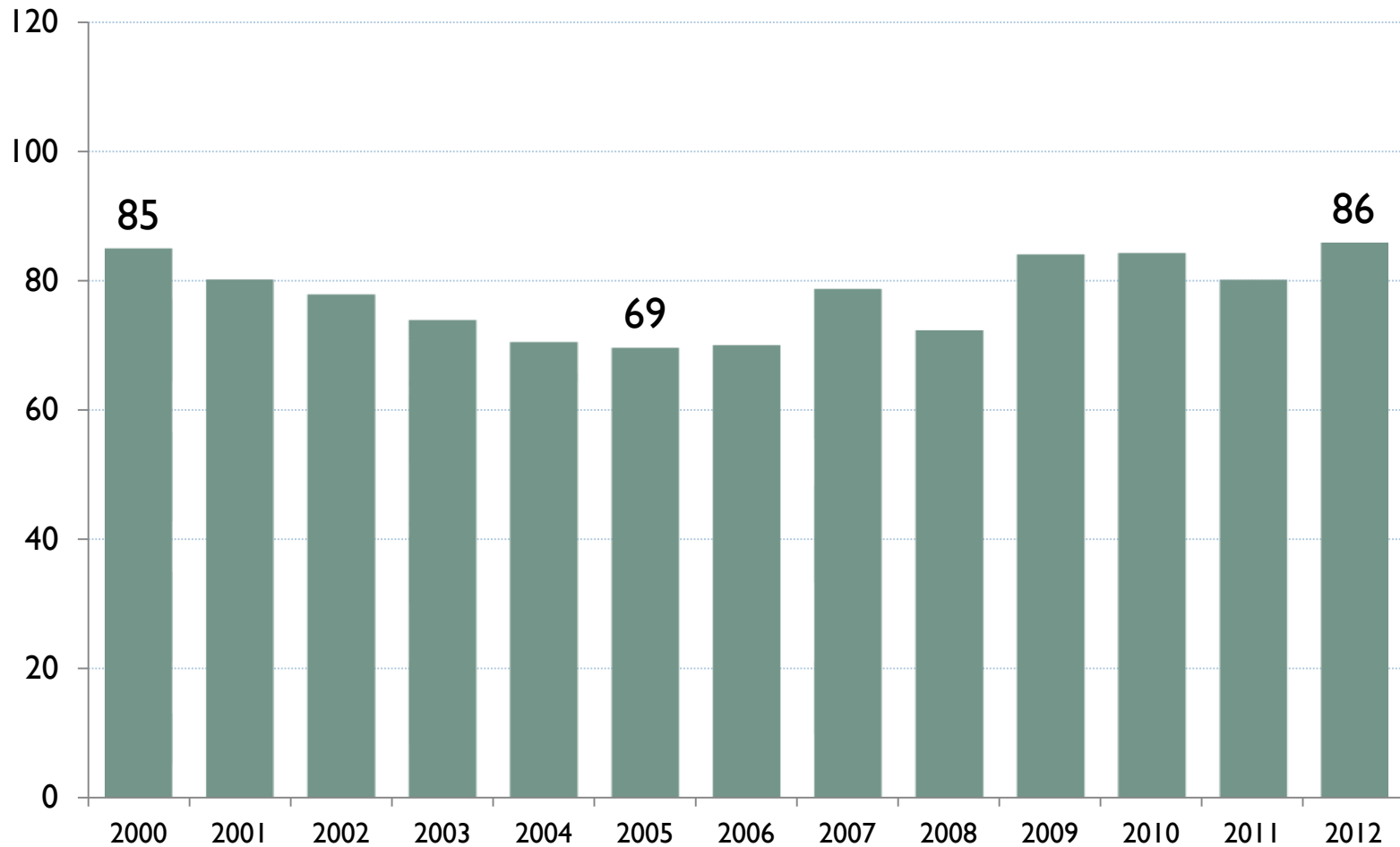
1980-1989	1990-1999	2000-2012
1,414	2,473	3,918





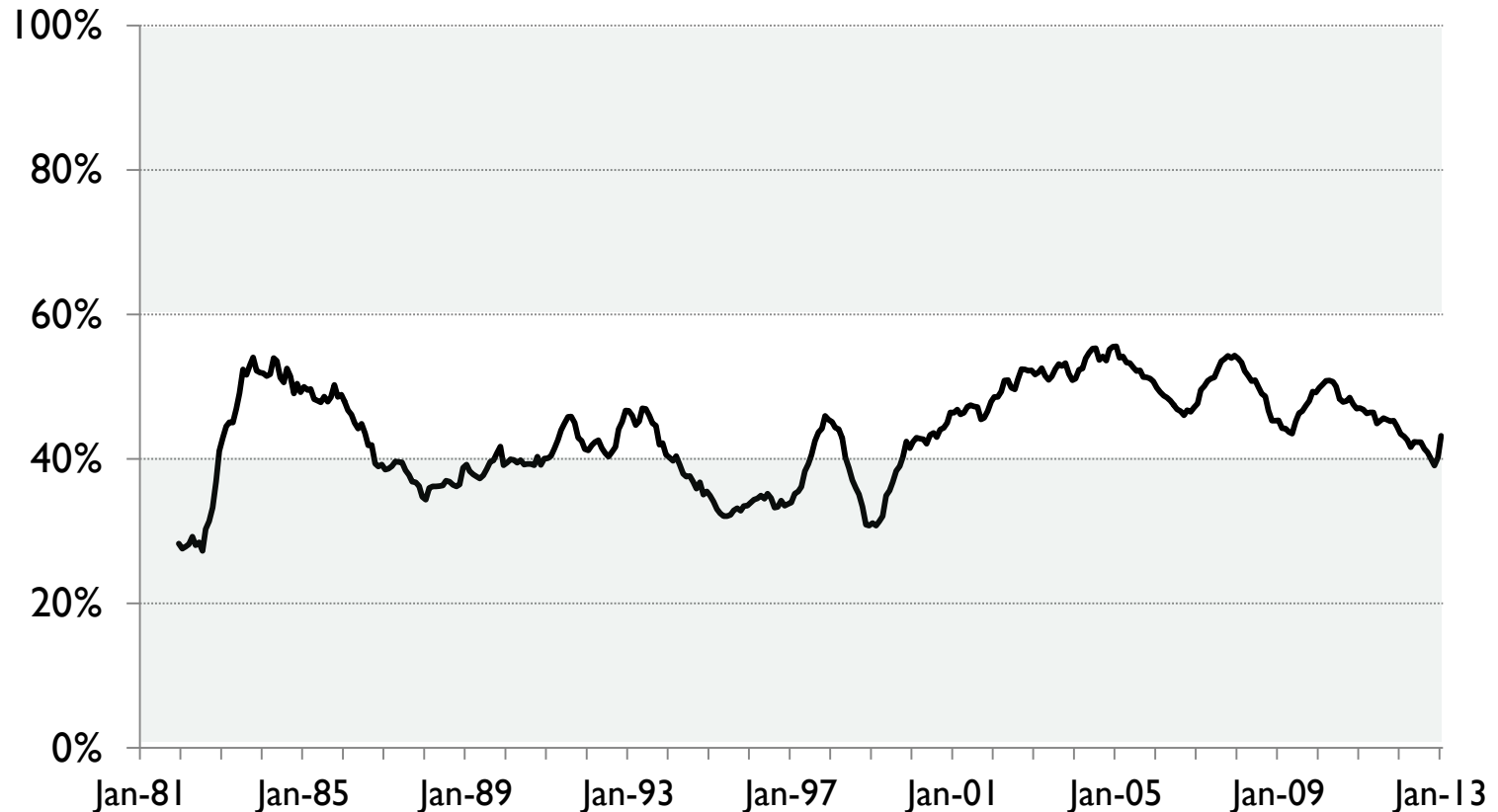
# Average Days on Market

Greater Fredericton



# Sales to New Listings Ratio

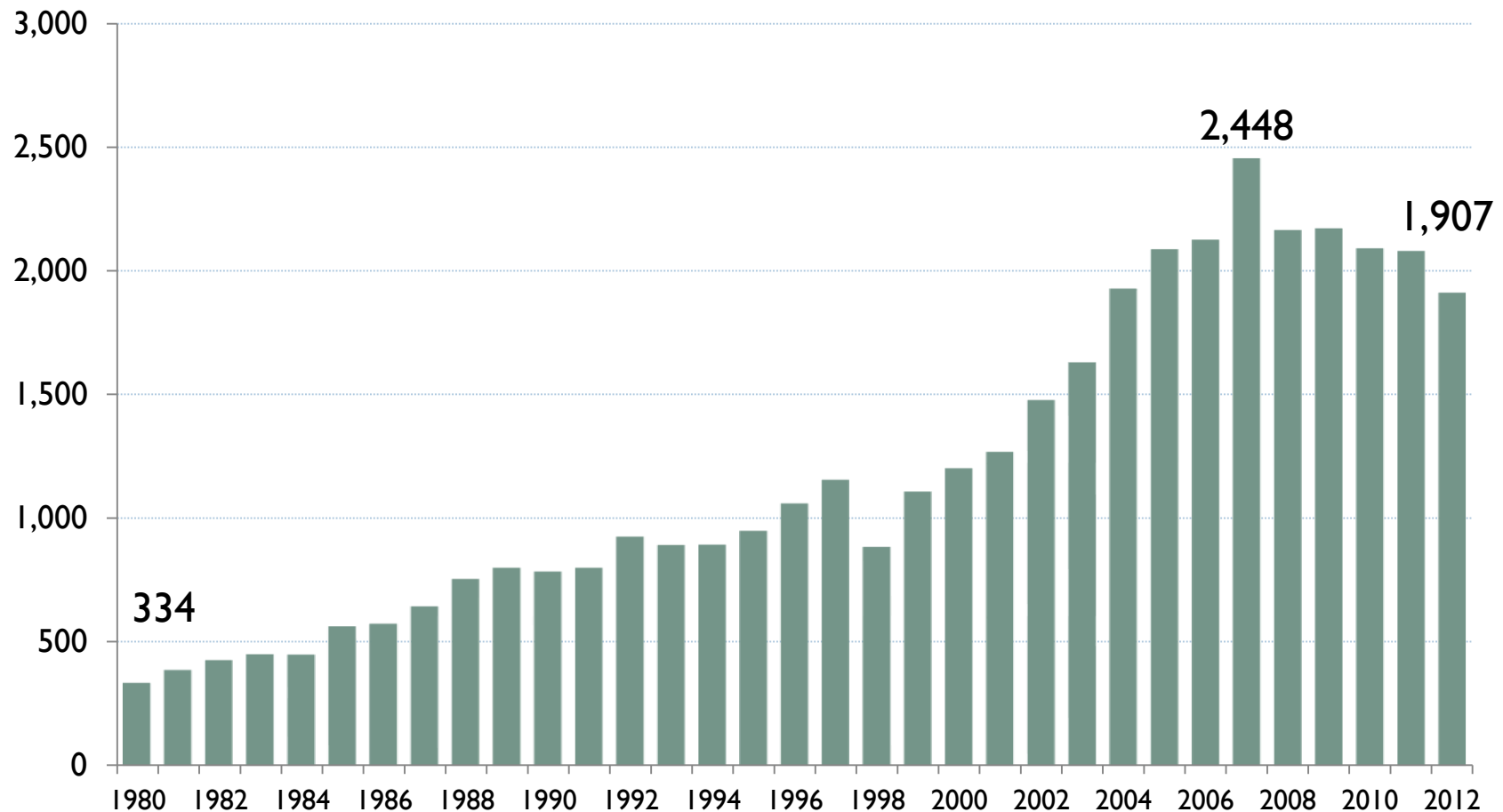
Greater Fredericton



A sales to new-listings ratio between 40% and 60% generally indicates a **BALANCED** market.

# MLS® Unit Sales

## Greater Fredericton



Source: CREA

MLS® is a registered trademark of the Canadian Real Estate Association

# MLS® Sales by Submarket

Greater Fredericton



## Year-over-Year Change

Fredericton City

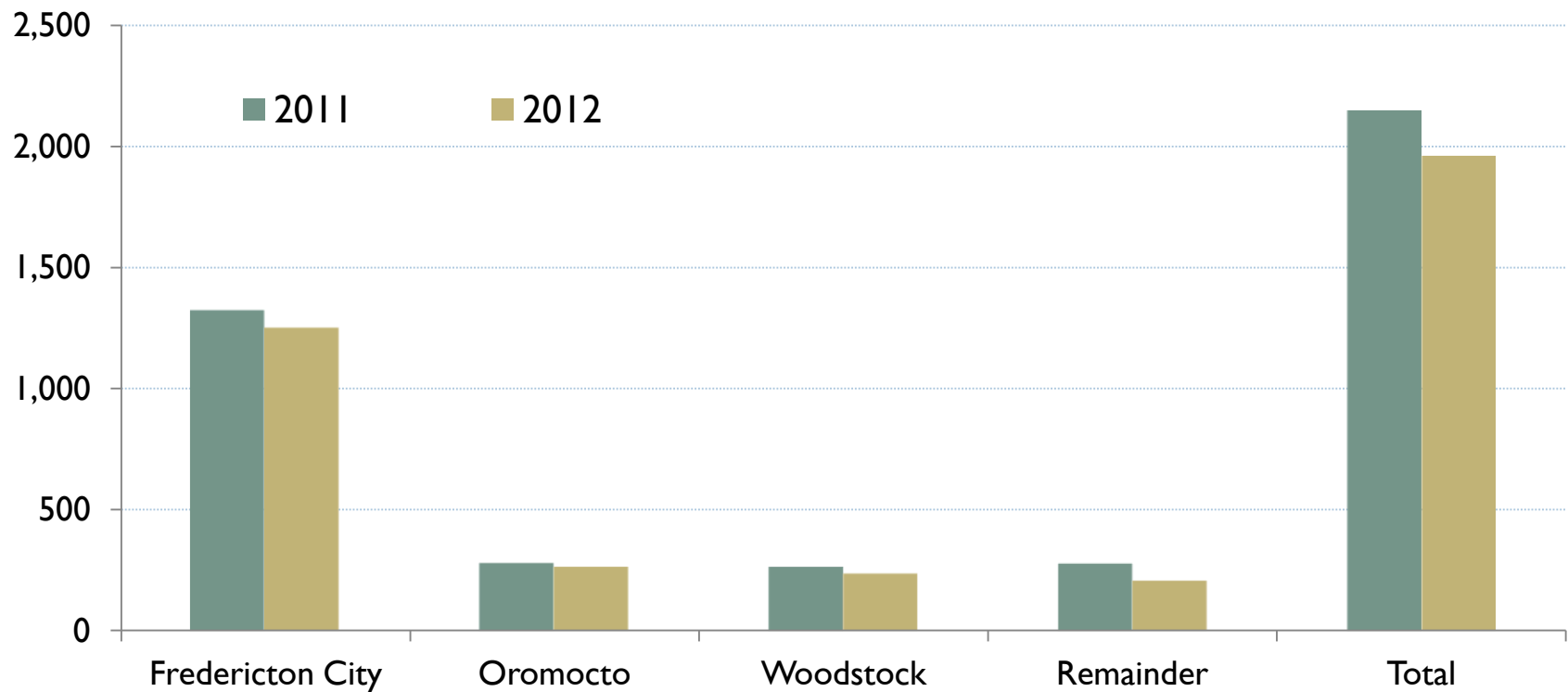
Oromocto

Woodstock

- 5.5%

- 5.4%

- 10.9%

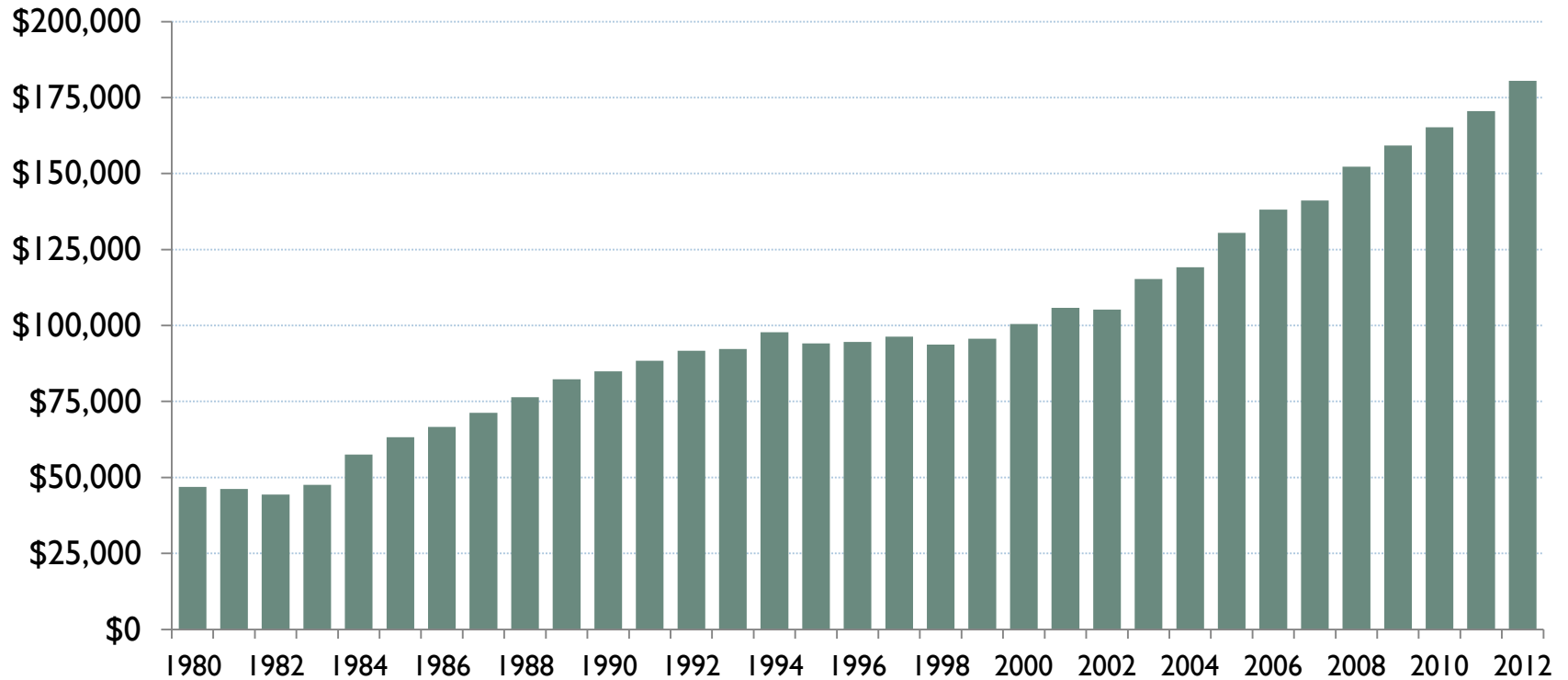


Source: The Real Estate Board of the Fredericton Area Inc.

MLS® is a registered trademark of the Canadian Real Estate Association

# Average MLS® Sale Price

Greater Fredericton



2011 Average MLS® Sale Price  
**\$170,563**

2012 Average MLS® Sale Price  
**\$180,485**

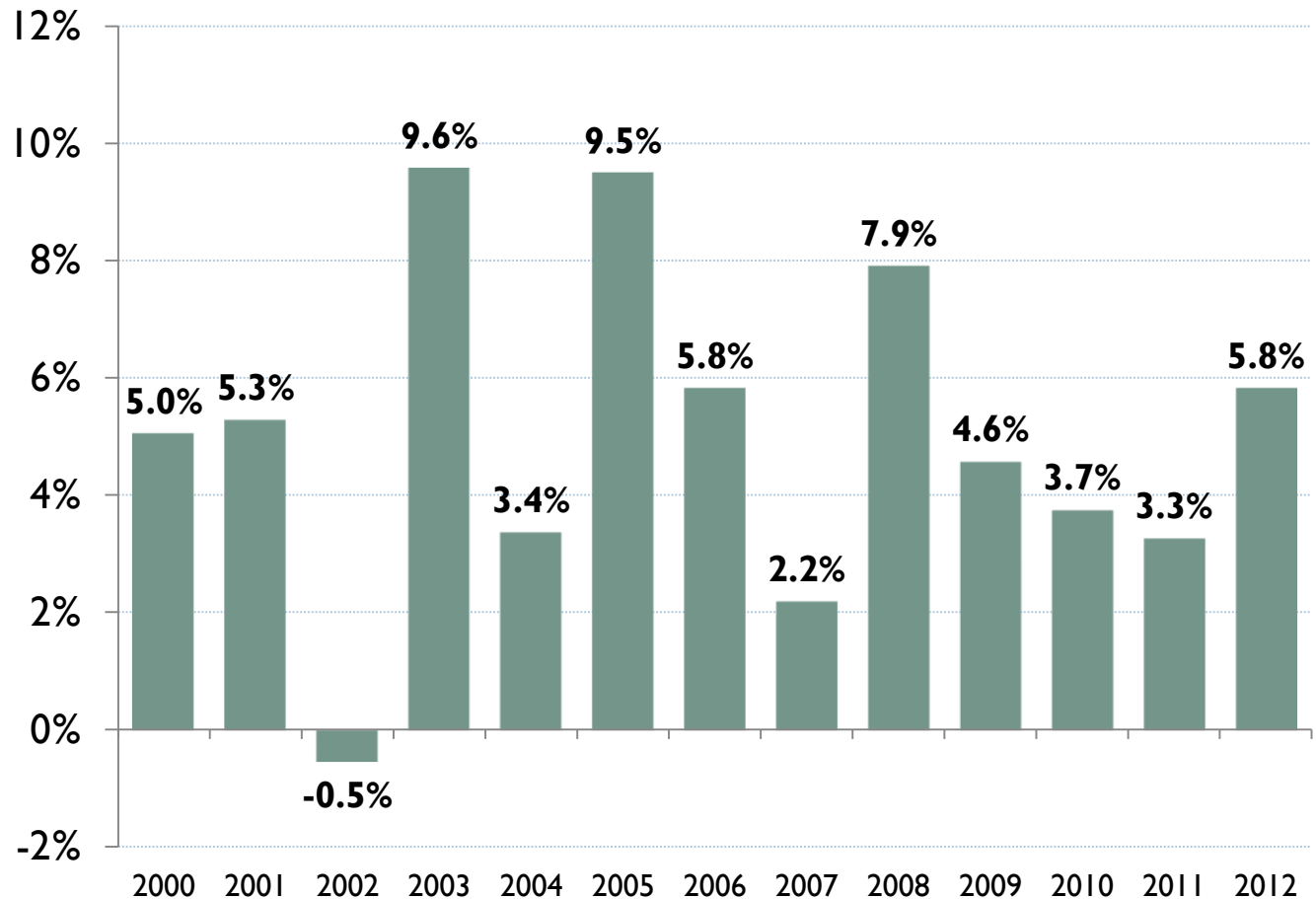
# Annual Price Growth (%)

Greater Fredericton



Average %  
Change  
2000-2012

+ 5.0%



## Average MLS® Price by Submarket (000's)

Greater Fredericton



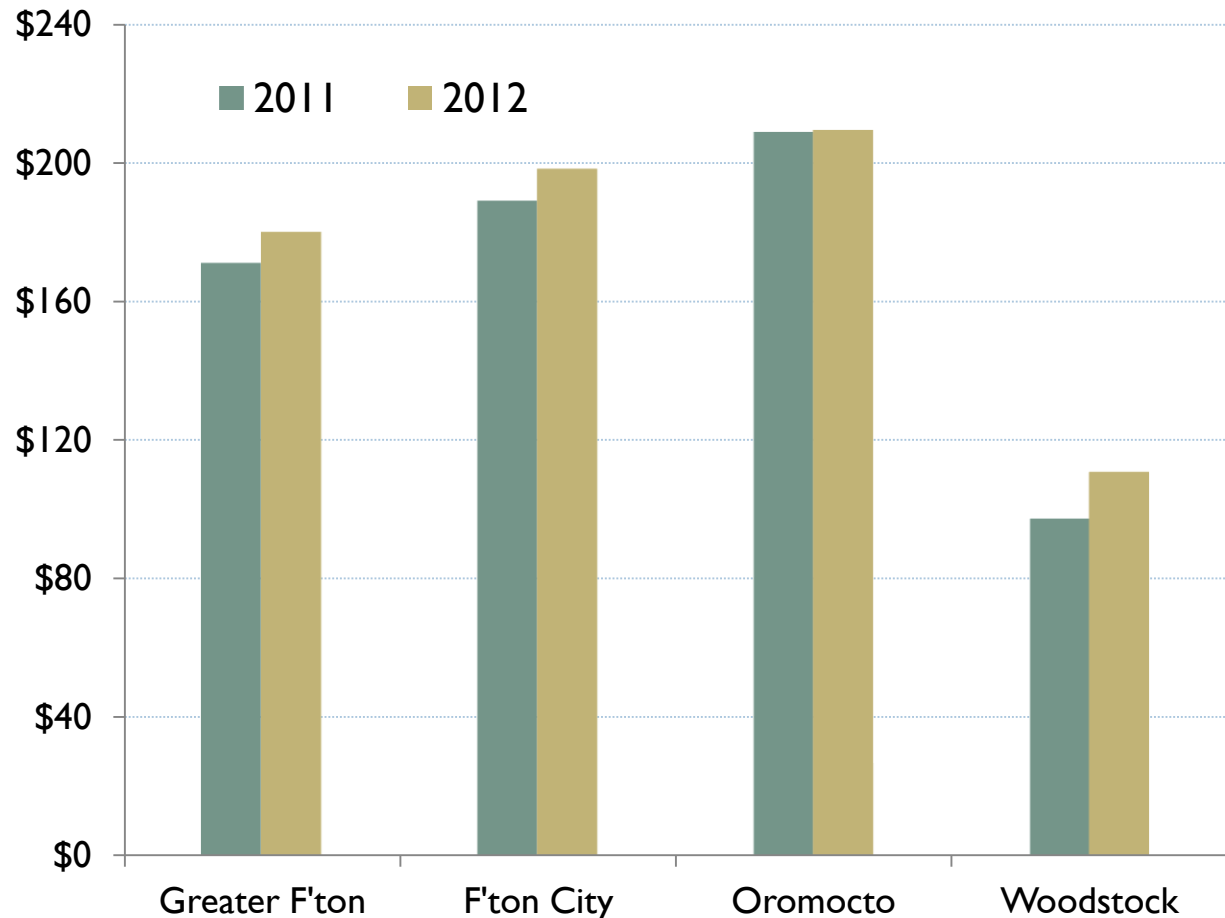
Year-over-Year  
Change in Average  
MLS® Sale Price

Greater Fredericton  
**+ 5.2 %**

Fredericton City  
**+ 4.8 %**

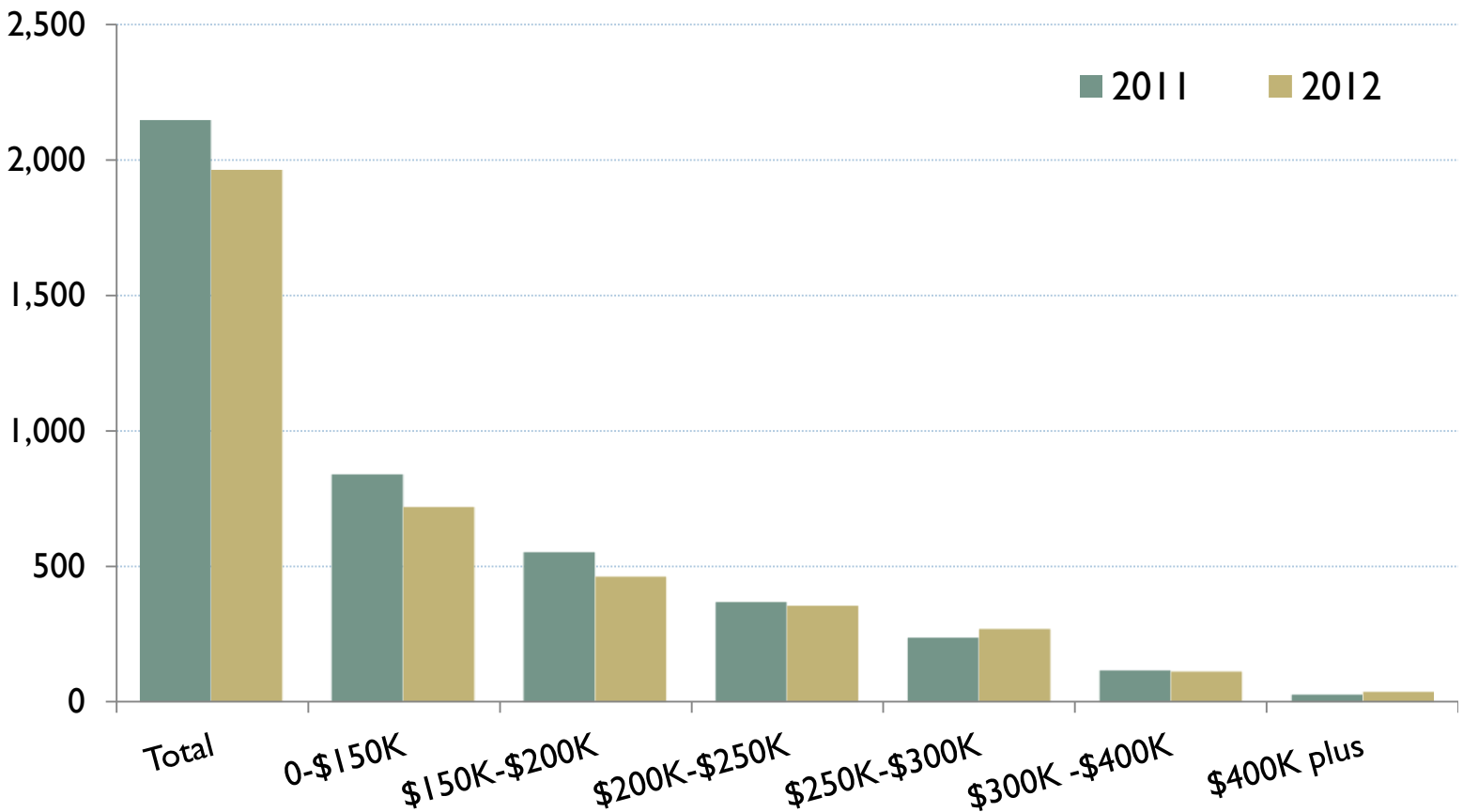
Oromocto  
**+ 0.2 %**

Woodstock  
**+14 %**



# MLS® Sales by Price Range

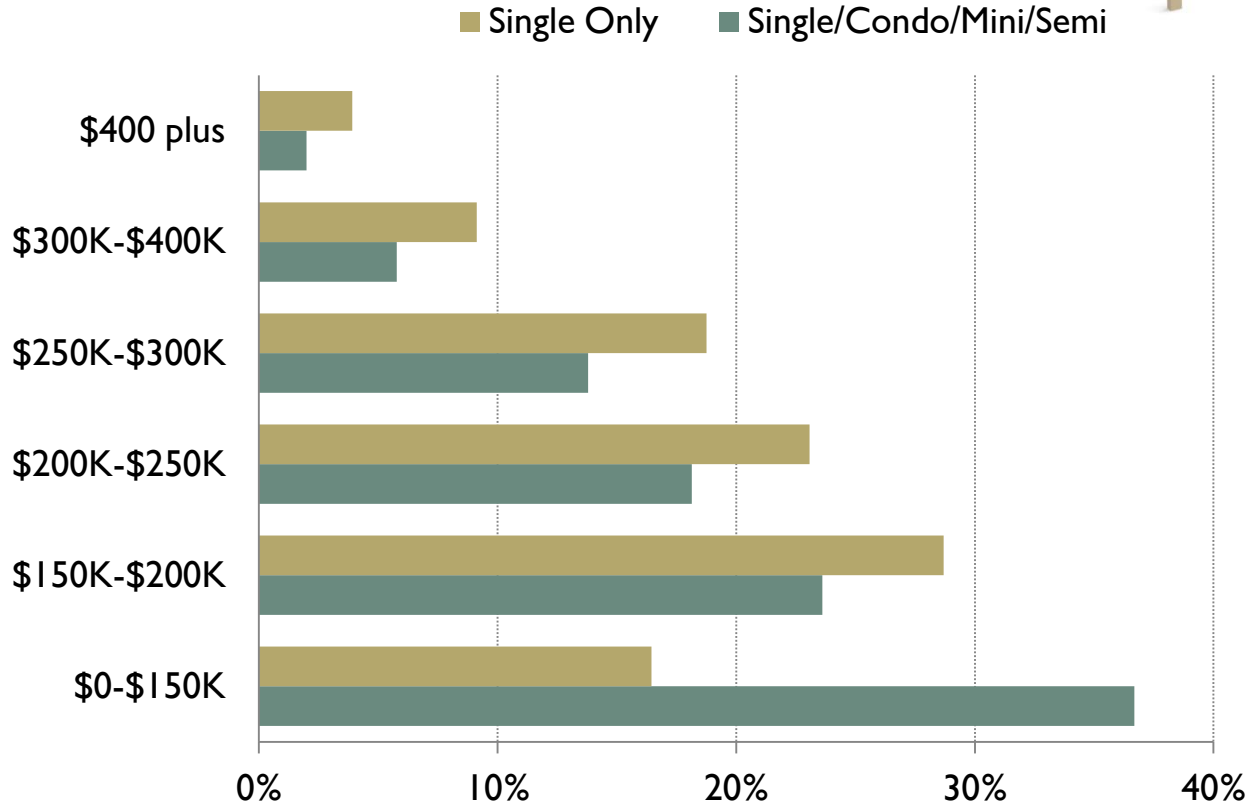
Greater Fredericton





# Share of MLS® Sales by Price Range

Greater Fredericton



**Greater Fredericton Area**

60% MLS® Sales < \$200,000

**Single-Detached Only – Fredericton City**

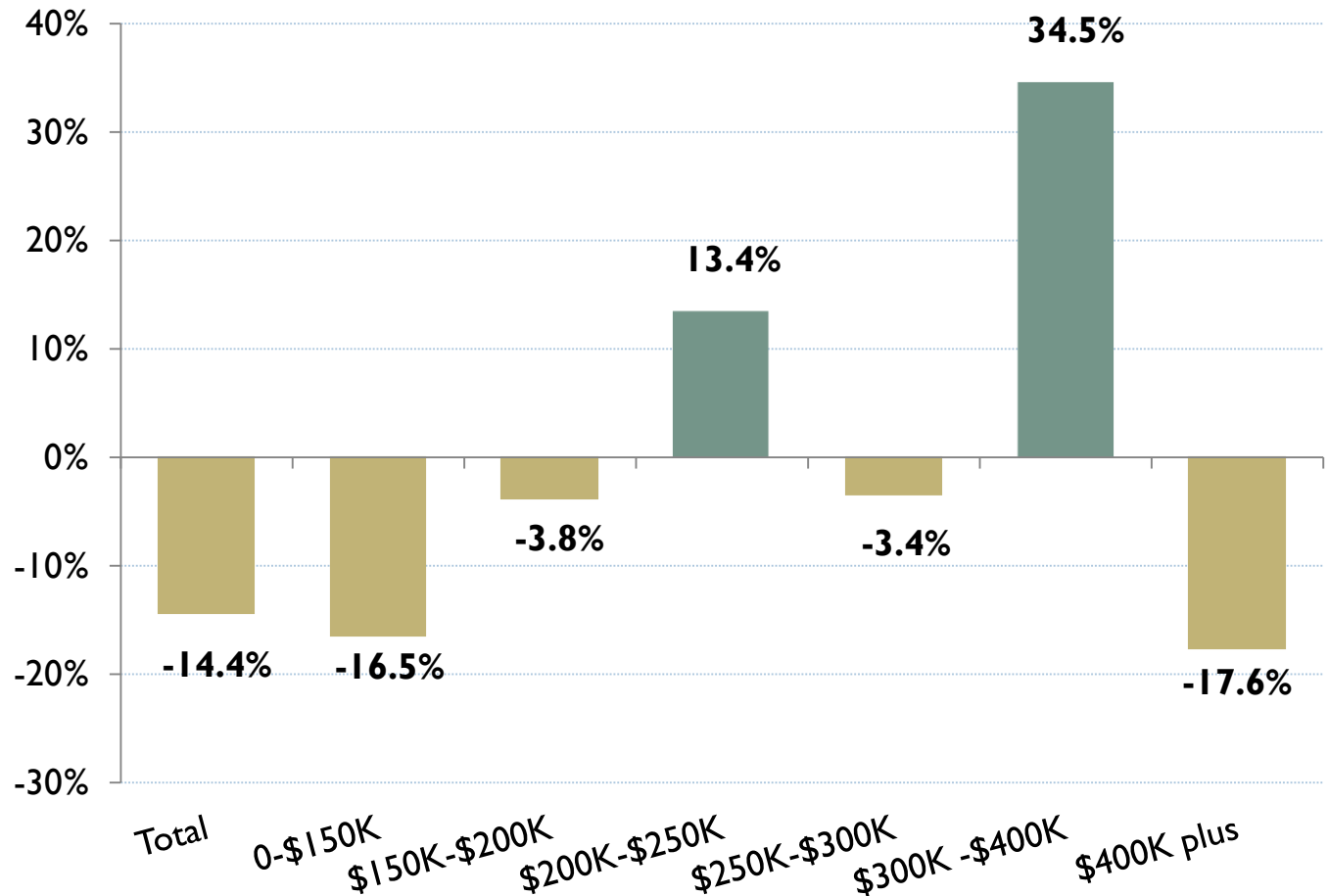
45% MLS® Sales < \$200,000

# Percentage Change in MLS® Sales by Price Range

Greater Fredericton



Largest increase in MLS® sales occurred in the \$300,000 - \$400,000 price range



# Resale Market Classification

Greater Fredericton



## Current Conditions – Resale Market

<b>MLS® Sales</b>	<b>Decreasing</b>	<b>Balanced towards Buyer's</b>
<b>New Listings</b>	<b>Stable</b>	<b>Balanced</b>
<b>Sales to New Listings Ratio</b>	<b>Decreasing</b>	<b>Balanced towards Buyer's</b>
<b>Price Growth</b>	<b>Stable</b>	<b>Balanced</b>
<b>Days on Market</b>	<b>Increasing</b>	<b>Balanced towards Buyer's</b>

**Greater Fredericton**

**BALANCED**

2012 Highlights – Fredericton CA

Housing Market Drivers

Multi-Residential/Rental Market

New Home Market – Single Family Homes

Resale Market

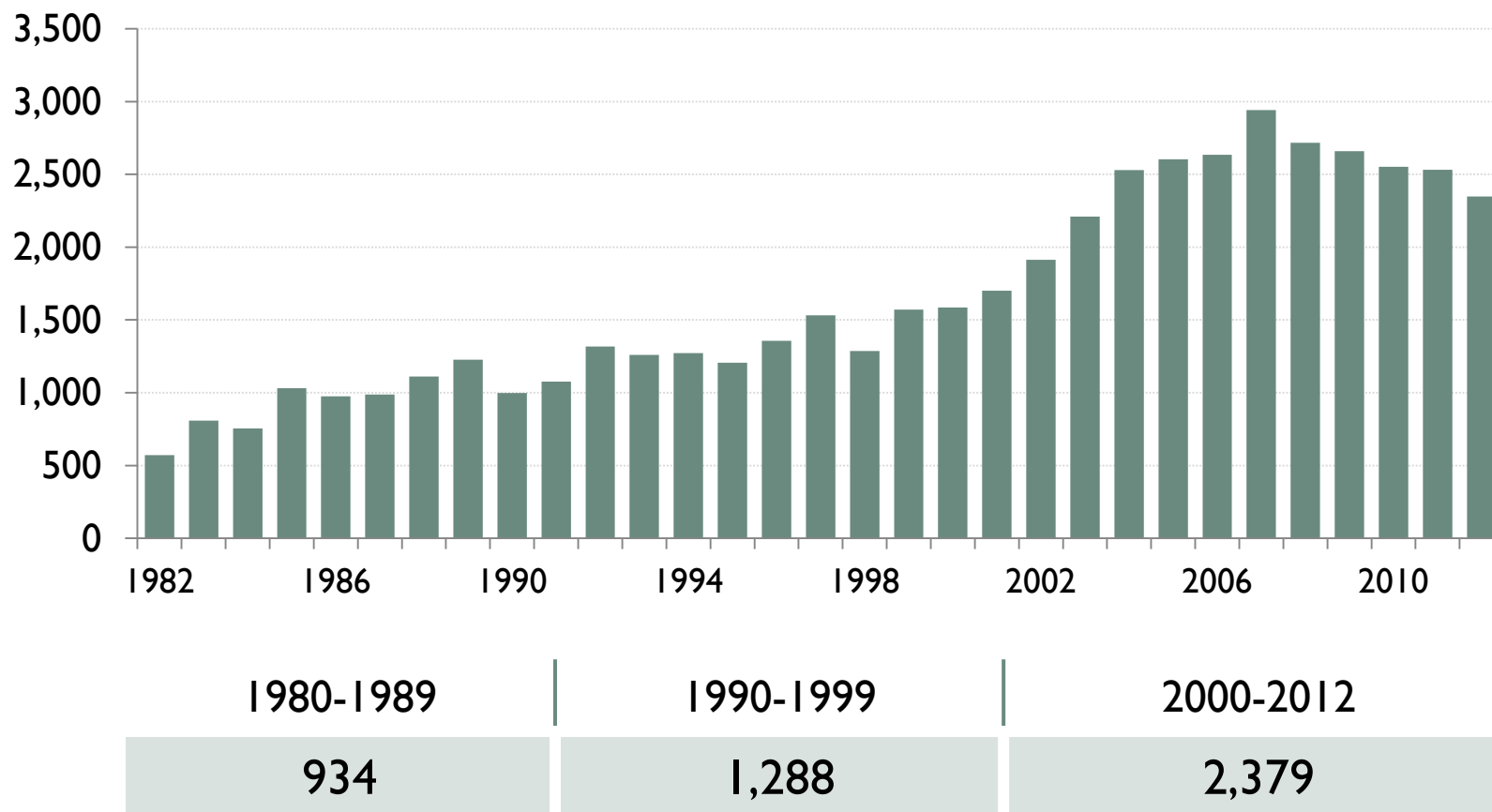


## 2013 Outlook



## 2013 Outlook

Annual Transactions – New and Existing Home  
Greater Fredericton  
(Semi-detached + Row + Single-detached + MLS® Sales)



# 2013 Outlook

Resale Market				
Fredericton CA	2012	2013F	% Change	2014F
MLS® Sales	1,907	1,850	- 3%	1,800
Average Price	\$180,485	\$182,000	+1%	\$181,500



Balanced market conditions to remain in 2013



Decline in existing homes sales expected in both 2013 and 2014



Moderate price increase expected in 2013

# 2013 Outlook

Housing Starts				
Fredericton CA	2012	2013F	% Change	2014F
Total Starts	634	600	- 5%	540
Single Starts	367	340	- 7%	320
Multiple Starts	267	260	- 3%	220



Large number of apartment units under construction at the end of 2012 will lead to fewer multiple starts in 2013



Last year's decline in single-detached construction to extend into 2013 with another decline in single starts

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# Thank You

## Questions?

[www.cmhc.ca](http://www.cmhc.ca)

or

**Call Claude Gautreau  
at (506) 851-2742**